

THE INDEPENDENT

WEDNESDAY 3 APRIL 1996 40p (IR 45p)

INSIDE TODAY'S NEW-LOOK SECTION TWO

Something for the weekend, sir

The new male contraceptive

New clubs for the ageing groovers

Bridget Jones's diary

Major makes pledge on referendum

Rift with Chancellor is healed

DONALD MACINTYRE
Political Editor

The Cabinet will today agree a formal promise not to enter a single currency in the next Parliament without a referendum after a potentially explosive split over the issue was resolved by John Major and the Chancellor, Kenneth Clarke.

Mr Clarke yesterday finally gave his assent to an agreement under which the Cabinet would make it clear that any decision to join a single currency would be put to the British people in a referendum.

The deal reached between the Prime Minister and the Chancellor left ministers confident last night that today's discussion of the issue would easily reach agreement on what is regarded by several as an essential means of uniting the party in the run-up to the general election.

Downing Street resolutely refused last night even to confirm that the issue would be discussed today, let alone that a deal had been reached. But under the agreement the Cabinet will make it clear that unlike in the 1975 referendum on EEC membership called by Harold Wilson, the Cabinet will be forced to accept collective responsibility.

That means that senior Euro-sceptic ministers would have to resign from the Cabinet if they wanted the freedom to campaign for a "no" vote in a referendum. In 1975, ministers were given licence by the then Labour Prime Minister to campaign according to their personal opinion.

John Major last night sent out a Foreign Office paper detailing options on how a referendum could be called in the event of a Cabinet decision in favour of a single currency.

Senior Cabinet ministers - including Mr Major, Michael Heseltine, the Deputy Prime Minister, Malcolm Rifkind, the Foreign Secretary, and Mr



Kenneth Clarke (above) and Michael Heseltine: In close contact during negotiations



Clarke, - who is strongly opposed to such a pledge - were in close contact amid continuing efforts to reach a deal.

Mr Rifkind was among those strongly pressing for a decision at today's Cabinet and during intensive talks yesterday Mr Clarke is understood to have been assured by Mr Major that he would continue to leave open the question of British EMU membership in the next Parliament. It is also expected to be made clear that the referendum pledge is only intended to apply in the next Parliament and not to bind the Conservative Party for what could be different circumstances after another election.

Mr Clarke, with some backing from Mr Heseltine, was worried that the move was one of a continuing series of concessions to Euro-sceptics which might well not end with a referendum pledge. Such fears have been increased by evident worries among some Tory strategists about the electoral threat posed by Sir James Goldsmith's Referendum Party.

But Mr Major is understood to have made clear in a number of conversations with the Chancellor that the move was not part of a process which would threaten the carefully agreed truce on Europe agreed between both wings of the party. Efforts are also expected to be made by Downing Street to ensure that Mr Clarke is not seen as having suffered a blow to his prestige by having overcome his opposition to a referendum.

Gordon Brown, the shadow Chancellor, said last night as reports of the deal began to circulate in Westminster: "This is one more example of the Prime Minister caving in to pressure. Everyone knows this decision has nothing to do with the interests of the country and everything to do with holding together a divided and disintegrating party."

One possibility which had been canvassed among some ministers was for a formula which would closely follow Labour's terms by saying that the Government would seek popular assent for any decision to join a single currency either through a general election or a referendum. But today's statement is likely to make clear that any decision to join a single currency would be followed by a referendum.

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It is a crime too great to hide, but do we have the stomach to bring the killers to trial?



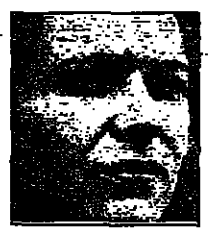
Murder trail: Human remains in the village of Konjevic Polje, one of 10 suspected mass graves under investigation in eastern Bosnia Photograph: AP

War crimes investigators yesterday began the search for evidence to support charges of genocide against Bosnian Serb leaders, amid signs that at least one mass grave has been violated recently in order to cover up evidence.

Despite the best efforts of those who would bury a crime too great to hide, the evidence of mass murder is there. It remains only to be seen whether the international community has the stomach to bring the murderers to trial.

A large section of earth has been freshly turned at one site suspected of housing the remains of more than 600 Muslim men who were executed after the fall of the town of Srebrenica in eastern Bosnia in July. The rest of the ground at the site, known as Sahinici One, shows old vehicle tracks and earthen mounds covered with young grass.

Nato's peace implementation force, I-For, has refused to



Emma Daly entered the killing fields of Bosnia yesterday. At a mass grave near Zvornik, she found a vain attempt to cover up the slaughter

secure the areas suspected of housing mass graves, saying it is not a military task. I-For officials said they had no evidence of tampering at any site, despite reporters' accounts of interference at more than one alleged grave. Yesterday, spokesmen refused to discuss the issue.

David Rohde, the only journalist known to have visited Sahinici One, shortly after the alleged killings, said yesterday that the remains he saw in the area last year, including clothing, spectacles, shoes and walking sticks, had been removed. "Seventy per cent of the larger grave has been dug up, and half

of the smaller one," Mr Rohde said. "All of the jackets have gone, and all of the shoes."

A six-man team from the International Criminal Tribunal on the former Yugoslavia has begun to survey the sites in search of evidence to support witnesses' reports and surveillance photos, which suggest Bosnian Serbs massacred at least 3,000 Muslims from Srebrenica and buried them in at least 11 mass graves.

General Ratko Mladic and Radovan Karadzic, the Bosnian Serb leaders, have been indicted by the tribunal for genocide and crimes against humanity

over the disappearance from Srebrenica of several thousand Muslims. At least 8,000 people from the enclave have been registered as missing.

Jean-Rene Ruez, leader of the tribunal team, refused to give details of the group's activities. But the team will start by surveying and marking the sites. It is not expected to exhumate bodies for the time being, as experts say digging up bodies is of little use unless investigators have a list of potential names and detailed descriptions to match the remains.

US troops will provide "area security" for the tribunal, said Colonel John Batiste, the Nato commander in the area.

"They will not exhumate remains. They will not investigate suspected atrocity sites."

"We will not guard sites, evidence or suspected war criminals. We will not be involved in witness protection."

Serb soldiers are suspected of tampering with graves elsewhere in Bosnia. But tribunal sources have said the testimony of witnesses and survivors, along with photographs, provides compelling evidence.

Opening the graves is vital to the families of those who are missing. Exhuming and identifying bodies is one of the few ways they will know whether their relatives are dead or alive.

Serb killing fields, page 10

Labour MPs defy Blair on terrorism Act

COLIN BROWN
and JASON BENNETTO

Tony Blair last night suffered the biggest backbench revolt since he became leader of the Labour Party when 31 Labour MPs rebelled over the Government's decision to rush through Parliament emergency measures to combat terrorism.

The Labour MPs defied an appeal by Shadow Home Secretary Jack Straw to abstain over giving the police new powers to stop and search for terrorist devices such as small bombs. "There are no civil rights which

can be exercised from the graveyard," he said.

After registering their protest at the speed with which the Prevention of Terrorism (Additional Powers) Bill was being whipped through Parliament, the Labour MPs were threatening to delay the passage of the legislation with a series of 21 amendments to protect the civil rights of those stopped.

Mr Straw assured his backbenchers that the Labour leadership's decision to give the legislation a fair wind through the threatened all-night sitting was based on security briefings

with Michael Howard, the Home Secretary.

David Veness, Assistant Commissioner, of Scotland Yard met Mr Straw on Monday to warn him of the likely threat of further IRA attacks. The Security Service is understood to have warned that the Easter period could be used by the IRA to mark the 80th anniversary of the Easter Uprising in Dublin, the rebellion against British rule.

The *Independent* has learned that senior police officers and Home Office officials have been in low-level discussions

about additional powers to stop and search terrorist suspects for up to 18 months before the IRA ceasefire was broken. It was only after the Docklands bomb exploded on 9 February that chief constables made an application to the Home Secretary for new legislation.

Aides of Mr Blair last night mounted a damage-limitation exercise, playing down the Labour rebellion as a protest against the Government for its decision to rush the legislation through without consultation. But there were rumblings of discontent from some Labour MPs

about the Blair leadership bowing to the Government. Many of the MPs were among the 25 who last month broke ranks by voting against the renewal of the controversial Prevention of Terrorism Act.

The MPs, led by Max Madden, the MP for Bradford West, and Kevin McNamara, the former Labour spokesman on Northern Ireland, were planning to force the Commons to sit late into the night over the amendments, which include a provision to make the emergency laws expire within four months of coming into force.



IN BRIEF

Hospital death probe
Police are investigating the deaths of four patients in a Newcastle hospital after a nurse was sacked. Page 3

Charities get political
A new political force backed by several of Britain's charities has been launched. Page 2

Today's weather
Dry and bright with good sunny spells. Section two, page 29



Mystery as head of Woolwich resigns

The head of the Woolwich building society, which is planning a £3 billion stock market flotation, resigned tonight after an emergency board meeting.

The society said Peter Robinson was standing down as group chief executive just three months after he took over the post, but refused to comment on the reasons.

A spokeswoman said that former chief executive Donald Kirkham would take over as head of the society until a replacement could be found. She added the Woolwich's plans for a flotation and conversion to a bank "remained on track".

Sir Brian Jenkins, the society's chairman, said it would not be appropriate for him or Mr Robinson to make any further comment.

City speculation of a boardroom row at the country's third largest society had been mounting during the afternoon.

Mr Robinson, 54, who was born in Bexleyheath, south-east London, where the society is headquartered, was seen as the driving force behind the flotation plans whereas Mr Kirkham, chief executive for 10 years before Mr Robinson's appointment, was an opponent of conversion.

The society was anxious to stress the flotation would still go ahead. Sir Brian stressed: "The normal business of the society is entirely unaffected. The society's assets and members' funds remain unimpaired."

"The board has the full confidence in the continuing management of the society under Donald Kirkham, pending the appointment of a new group chief executive."

Rob Thomas, building society analyst at merchant bank UBS, said: "I don't think this will upset the flotation timetable."

Mr Robinson took over as

chief executive of the society on 1 January, and 10 days later announced he would be taking the society to the stock market.

There had been speculation that Mr Robinson, who started out as a management trainee, had not found the relationship easy with Sir Brian, a former Lord Mayor of London and City accountant.

The manner of Mr Robinson's departure, after a hurriedly-called emergency board meeting, was almost as rapid as the pace of the change he brought to the society.

Within 11 days of his appointment he announced plans

to end the Woolwich's 150 years as a mutual society and float it on the Stock Exchange. Conversion to a bank was a personal project for Mr Robinson.

Mr Robinson believed there was no future for mutuals after the Abbey National, Cheltenham & Gloucester, Halifax, Leeds Alliance & Leicester and National & Provincial all announced they were converting.

More than 3.5 million of the society's members will receive a share dividend worth an average of £800 each if the society succeeds in its conversion plan.

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4.3% A.B.V. 100% T.L.C.

CHARLES WELLS

BOMBARDIER BITTER

BREWED BY THE CHARLES WELLS FAMILY BREWERY, BEDFORDSHIRE, EST. 1876.

Police in hospital deaths inquiry

Nurse dismissed after four patients die in intensive care unit

JAMES CUSICK

Police are investigating the deaths of four patients, including two girls aged 12 and 15, in the adult intensive care ward of a Newcastle upon Tyne hospital following the dismissal of a nurse sacked for "gross misconduct". All four patients who died had at one time been under the care of the nurse now under investigation.

Northumbria police, called in by the coroner to conduct a full inquiry, are examining hospital records going back to 1991. Jim Cousins, MP for Newcastle Central, yesterday called for a public inquiry into the management of the intensive care unit at the Royal Victoria Infirmary. "We are clearly talking about extremely grave events which have occurred over a long period of time," he said. Mr Cousins added that if matters now involved the criminal law, why was it left to the coroner's office to bring in the police? "Why did the hospital trust not raise the alarm sooner if they had suspicions?"

Northumbria police confirmed a team of 12 detectives, headed by Detective Superintendent John Renwick is investigating the deaths.

The nurse, in her late 30s, worked at the Royal Victoria Infirmary for 17 years before being sacked at a full disciplinary hearing last month. She had already been suspended for a month after an internal inquiry questioned her professional conduct relating to four deaths in the ITU between 1991 and 1995. The police said yesterday they would interview the nurse this week once initial inquiries were completed.

A force spokeswoman said relatives of three patients were being contacted, but one of the patients has yet to be identified. All four were from the North-east. Like many intensive care units, both the infirmary's adult and paediatric intensive care wards were said by one senior medical source in Newcastle to be under "a great deal of pressure". A hospital spokeswoman said the two girls who died would normally have been admitted to the children's ITU, they had been moved to the

adult unit "because of the nature of their injuries".

The patients who died in the ITU also included a 69-year-old woman and a middle-aged man. Relatives of the dead 15-year-old, Patricia Dryden, from Blyth, said yesterday they had "been through hell" but were now facing another nightmare asking themselves could Patricia have lived?

Patricia's uncle, John Dryden, confirmed police had told the family they were investigating "irregularities in procedures in the intensive care unit". His niece had died after a gas aerosol she had been sniffing had ignited and exploded in her face. The burns she sustained were said to be "extreme".

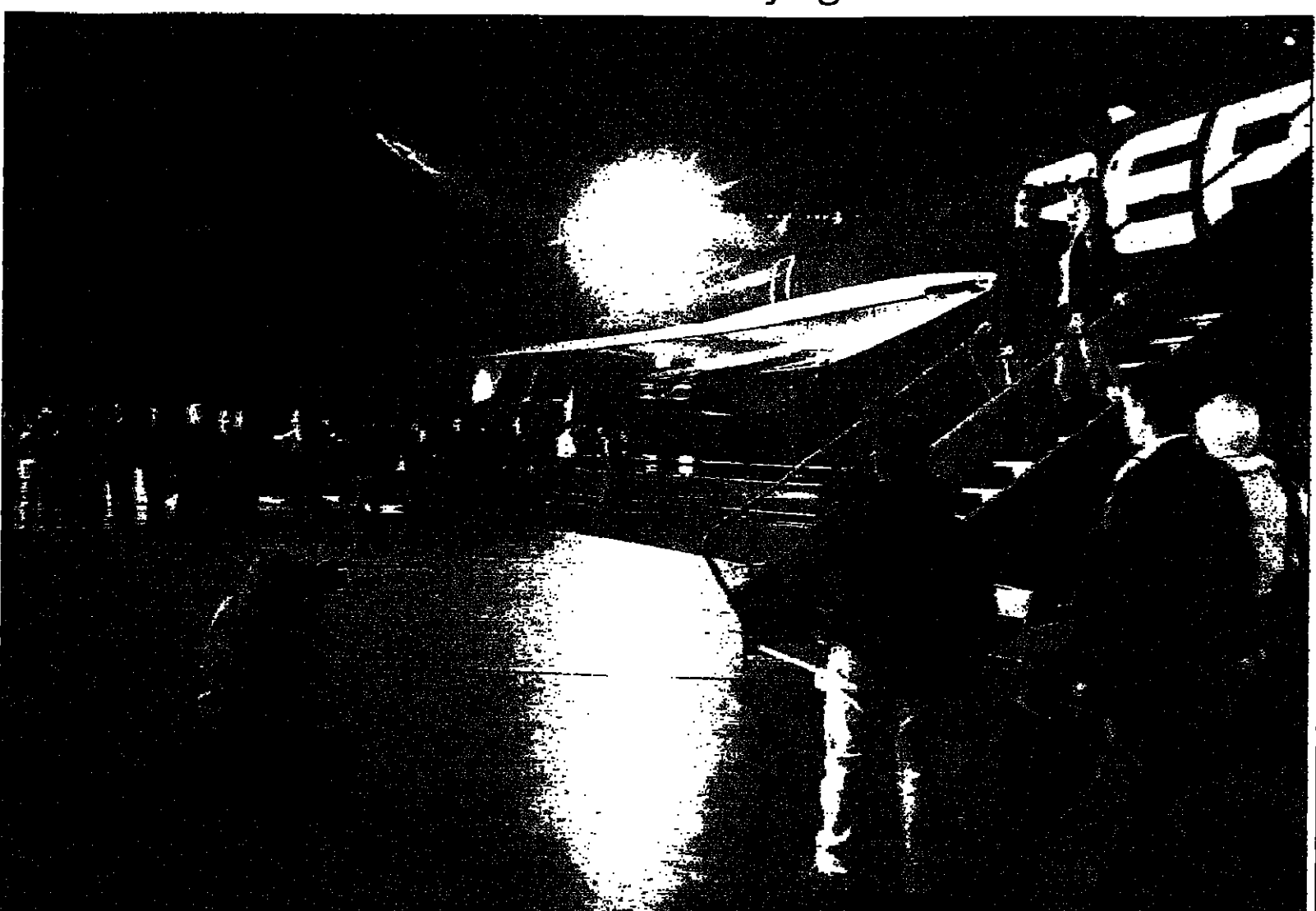
Concerns over the nurse's conduct were raised at the beginning of this year by another nurse who worked in the unit. Although not confirmed by the hospital authorities or the police, it is understood there were concerns over the removal of treatment for some seriously ill patients, and that in one case a drip feed was turned off without appropriate authority from the physician in charge.

Following an internal inquiry at the infirmary, during which the nurse was suspended, a disciplinary hearing was scheduled for March. The nurse, and the staff member who first alerted the hospital authorities, were both represented at the hearing by counsel from the Royal College of Nursing.

According to the Coroner's Office in Newcastle, the coroner, Leonard Coyle, was telephoned shortly after the sacking. On learning the alleged facts behind the dismissal, Mr Coyle called in the Northumbria police to carry out a full investigation. After her dismissal, the nurse lodged an immediate appeal. "We will not be representing the nurse at her appeal, but will offer legal representation if she needs it at a later date."

Police inquiries will include interviewing hospital staff and relatives of the patients. Medical records have been obtained by a court order granted by Judge Maurice Carr under the Police and Criminal Evidence Act.

Cola wars: Relaunch aims to colour customer judgement in battle of the brands



Blue is the colour: Andre Agassi, Claudia Schiffer and Concorde at yesterday's Pepsi relaunch in a hangar at Gatwick Photograph: Geraint Lewis

Pepsi unveils its £300m bolt from the blue

GLENDIA COOPER

Five hundred bewildered onlookers were herded on to trains and shoved through dark corridors yesterday to a secret destination, ending up in a deserted aircraft hangar.

They were observers in the latest war between two global giants seeking international domination. Project Blue, kept under wraps for nearly two years, was finally unveiled.

It was not a defence briefing or the launch of the latest sophisticated long-range missile. The massed ranks of journalists from 30 countries had been brought together to witness Pepsi spending £300m on

changing the colour of its can from white and red to blue.

With supermarket own brands and newcomer Virgin Cola threatening to squeeze the market, the relaunch in a secluded part of Gatwick Airport was planned with military precision.

At present, Pepsi says its market share for carbonated drinks in Britain is 12.2 per cent, compared with 32.7 per cent for Coca-Cola, while Virgin Cola introduced in November 1994 has already gained 7.5 per cent.

Foremost in the hype are two supermodels, Claudia Schiffer and Cindy Crawford, and tennis star Andre Agassi. And if cola wars have been previously fought on land, Pepsi's re-

launch yesterday took the battle not only to the skies by painting a Concorde blue at an estimated cost of £100,000, but also to space with a message from Russian cosmonauts on the Mir station.

The decision to change the colour to blue was taken after research in Bahrain where consumers saw it as more modern and trendy; a pilot study led to a 9 per cent increase in sales.

Richard Brandt of Landor Associates, designer of the new can, said blue had been chosen "because it tends to be most people's favourite colour". He went on: "It's a futuristic colour, it's all about innovation and competition. It's the choice of a new

generation... I know it's the colour of the Conservative Party but this is totally different."

Perma-tans and perma-smiles were much in evidence with executives assuring consumers that drinking new blue Pepsi - only the can has changed - equalled living on the edge and changing the script.

But marketing experts were unimpressed. Sean Brierley, deputy editor of *Marketing Week*, said the change was a gimmick. "Pepsi are making out this is a real Promethean effort, but cans have their design changed constantly. And the amount of money they are spending... The cola market is constantly thinking in the short term now. Sales

may go up for a month, but we should look at what's happening in a year's time."

Pepsi's competitors remained publicly unimpressed. A spokeswoman for Virgin said: "If Pepsi are throwing money at changing the colour of a can that's a move of desperation. We're choosing to put money into new product development."

Louise Terry, of Coca-Cola, said: "We're fighting the battle on a different scale. I think from our viewpoint we need to make people buy more soft drinks rather than tea, coffee or squash. We outsell Pepsi by three to one. And by the way, we sent cola cans up to the Mir station last year."

Prophets of doom see dark side of moon

CHARLES ARTHUR
Science Correspondent

Believers in astral portents of doom can get a double dose of worries tonight not only is there a comet, but the full moon will be eclipsed for four hours, starting at 10.20pm.

A lunar eclipse, caused when the moon moves into the shadow cast in space by the Earth, occurs about three times a year,

but tonight's is one of the best for years in terms of visibility in Britain.

"It's very fortunate, in that the circumstances of timing mean the full eclipse will happen at around midnight," said Jacqueline Mitton of the Royal Astronomical Society. "That means the moon will be high in the sky, so the effect will be greater." In the US, for example, the effect will be minimal

because the moon will still be low in the sky there.

During the eclipse, which will continue until about 2am on Thursday, the moon may appear to turn copper or orange, or black out altogether. The colouring effect is caused by the sun's rays being bent by the Earth's atmosphere. The effect can be seen with the naked eye.

Meanwhile, the comet Hyakutake - another harbinger

of misfortune, according to some - will still be visible in the north-west sky. The comet is fading now and is lower in the sky than it was, but the eclipse will make it easier to see.

The sight of the moon "turning to blood" instilled fear and dread into ancient peoples. In biblical days, a lunar eclipse was believed to have heralded the death of King Herod, while in ancient Japan men would lie on

the ground and howl like dogs to ward off its evil effects.

As recently as 1974, 16 people were killed in the Cambodian capital, Phnom Penh, when soldiers fired guns to frighten what they thought was a monkey eating the moon. Lunar eclipses first helped astronomers to work out that the Moon and Earth moved in elliptical, rather than circular, orbits.

Hendrix women do battle

NICOLE VEASH

Two former girlfriends of the legendary Stateside guitarist Jimi Hendrix faced each other in the High Court yesterday in a dispute over their memories of the star, who died 26 years ago.

Kathy Etchingham, who split with Hendrix in 1969 after a 30-month relationship, wants Mr Justice French to take action against her former rival, German-born Monika Danneman, for alleged contempt of court.

Miss Etchingham, 49, has moved from the psychedelic days of the late 1960s. Now married to a doctor and a mother of two, she claims Miss Dan-

neman, 48, is in breach of a legal promise she gave in 1992 not to repeat an allegation that she was an "inveterate liar". The undertaking was part of the settlement of a libel action over Miss Danneman's memoirs, *The Inner Life of Jimi Hendrix*, published in 1991.

The allegations of Miss Etchingham's relationship with Hendrix included claims that she would cheat and lie for money and stole the rock star's belongings. The claims resurfaced last year with the publication of Miss Danneman's book to coincide with the 25th anniversary of Hendrix's death.

The dispute first took off in

the 1970s when Etchingham told the *News of the World* Hendrix was a "violent, hard drinking, drugged-up sex maniac". Both women claim to keep alive the true flame of the Hendrix legend.

Miss Danneman, who claims she was engaged to Hendrix and was sharing a flat with him in Notting Hill Gate when he died of an overdose of sleeping tablets in September 1970, has spent the past two decades paying homage to his memory.

Mr Justice French spent time yesterday astutely poring over the glossy coffee table Hendrix picture book for evidence.

The hearing continues.



Hendrix: Killed by drugs

Handel's lottery memorial

REBECCA FOWLER

Handel's London home, where he composed the *Messiah* in his dining room on the fourth floor, is to be bought from an insurance company with the help of a £500,000 lottery grant and transformed into a museum.

The terraced five-storey house in Brook Street central London, where Handel lived for 36 years, was brand new when he moved into it in 1723. It is currently empty, slumbering behind hoarding, and the only clue to its original owner is a blue plaque beside the door.

Since Handel's death in 1759, the house has been taken up by individual owners, turned into a dental surgery and used as an antique shop. The museum hopes to open its doors to 50,000 visitors as a shrine to the composer in two years' time.

Dr Julie Anne Sadie, director of the museum, said: "Handel was the greatest composer ever to live and work in Britain. Other than his grave at Westminster Abbey there is no memorial to him."

"Composers are commemorated in their homes all over the world, so it's fitting and proper that the house in which he lived for so long should become a memorial to him."

The house consists of two rooms and a closet on each floor, and Handel, who was famously fond of fine food, would often retire to the closets to eat. He would even leave his guests in his dining room to eat while he ordered better wine and food in his closet.

Dr Sadie said: "This was the one foible of an otherwise very generous man who did so much for the charities of his day. There was just something about food for him, and of all the inventories the one for the kitchen is the most elaborate."

When renovated the house will include a recital room with seating for 70 people and there will also be a library.

Two men yesterday admitted involvement in a child pornography library run on the Net. Birmingham Crown Court was told that Alban Fellows, 26, a university researcher at Birmingham University, ran the service, while Stephen Arnold, 24, of Milton Keynes, supplied some of the material.

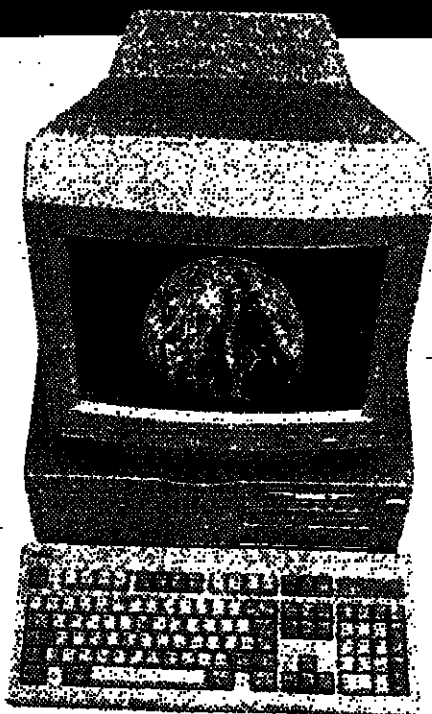
The pair, who initially denied charges under the Protection of Children Act and the Obscene Publications Act of distributing child pornography through the Internet, changed their pleas after the judge ruled a computer disk compassed could be classed as a photograph and distributed.

The case was adjourned for pre-sentencing reports.

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Triple killer gets life as insanity plea fails

10

Beck child sex abuse duo win £225,000 award

WILL BENNETT

Two victims of Frank Beck, the social worker jailed for child abuse, were awarded a total of £225,000 damages yesterday, paving the way for a flood of similar claims running into millions of pounds.

Jennifer Lesiakowski, 36, will receive damages of £145,000 from Leicestershire County Council, while Debra Barry, 31, was awarded £80,000 at the High Court in Nottingham. More than 30 similar actions are pending against the authority, which was criticised in a independent report for running a chaotic social services department and lacking a child care strategy and firm leadership.

Beck was sentenced to five years of life imprisonment in 1991 after a court was told that he had sexually abused more than 100 children during 13 years in charge of three council-run children's homes.

The former royal marine died of a heart attack aged 52 in prison in 1994. At the time he was preparing an appeal against conviction and sentence on 17 charges of rape, sexual abuse and assault.

Miss Lesiakowski and Miss Barry were among seven victims who sued the council but the other five reached out of court settlements. The insurers are Municipal Mutual, which last week forced Chwyd County Council to suppress a report into child abuse by threatening to



Victim and the abuser: Jennifer Lesiakowski, top, and Frank Beck, below

cancel cover against claims from victims.

Miss Lesiakowski, who will receive £80,000 for pain and suffering, £40,000 for loss of earnings and £25,000 to pay for therapy, transferred to a children's home run by Beck when

she was 15. She was repeatedly sexually assaulted by Beck and his staff and has since had a drink and drugs problem and suffers from flashbacks of Beck.

Mr Justice Potts said yesterday that she had suffered "torment" at the home and added: "Whilst the defendants did not rape the plaintiff, their negligence permitted Beck to do so."

Miss Lesiakowski later criticised the size of her award and said she hoped to appeal. "I am angry. From the age of 15 they have taken away my adolescence, and they seem to have taken away my future, too."

Miss Barry went to the same home at the age of 15 after problems at home. Staff gave her baby bottles, a toy to carry and read her children's stories as part of what Beck called "regression therapy". This involved returning disturbed teenagers to a childhood state and provided him with a cover for abuse.

Once, after running away, she was stripped and left in a room for six weeks. She suffers from depression, a dislike of physical contact, flashbacks and a tendency to revert to baby-talk. Miss Barry said she was happy with the outcome. "It has been hell for the last five years for me and my family."

Billhar Singh, the women's solicitor, said: "This award recognises what the plaintiffs have suffered."

A county council spokesman said it hoped the outstanding cases could be quickly resolved.



Stockpile: An armed policeman stands guard over an arsenal of weapons, including 23 rifles, 54 shotguns and 700 knives, before the routine four-monthly destruction of arms by Hampshire police at Portsmouth yesterday

Photograph: PA

Mother-to-be of triplets stole £20,000 for IVF

A mother-to-be escaped jail yesterday for the theft of £20,000 after a court was told she had stolen the money to pay for fertility treatment that had led to her conceiving triplets.

Michelle Darby, 27, of Bracknell, Berkshire, is due to give birth next week. Mr Recorder Joseph Boothby, sitting at Reading Crown Court, told her the background to her multiple pregnancy left him unable to give her a custodial sentence.

The court was told that she had become pregnant before as a result of IVF treatment and had given birth after six months to a child with spina bifida and extensive brain damage. The baby died.

Darby, a trainee accountant, admitted six charges of theft and six falsifying accounts to a total of £1,053. She asked for a further 153 other offences totalling more than £19,055 to be taken into account.

The judge said: "I am unable to bring myself to send you to prison while facing a triplet pregnancy. Many would shed tears for your history and what you have been through."

Darby told police after her arrest that years of trying for a baby had led to things "getting out of hand".

Darby was given a 12 month suspended jail sentence and a probation order.

Darby was employed by TransNational Financial Services Ltd, in Reading, first as a clerk and then later as an assistant accountant. "During that time she used her position as an accountant to steal money from the company," Miss Dakyns said.

Sheilagh Davies, for the defence, told the court: "Mrs Darby has made a complete and frank admission. It is difficult to understand how a woman of good character in a trusted position should commit these offences."

"Her greatest desire was to start a family. The obsession took over to such a degree that the person was no longer able to function."

The court was told it took seven privately-funded fertility treatments for Darby to become pregnant with the triplets.

Mrs Davies said the stolen money stolen had not contributed to a "glory lifestyle". Darby's home is in negative equity and her former employer is taking civil action to reclaim the losses.

"Despite the joy of the forthcoming babies, her happiness is tinged with anguish for the future," she said.

Darby was given a 12 month suspended jail sentence and a probation order.

Woman loses lover's £80,000 death benefit

A late businessman's live-in girlfriend was not entitled to receive thousands of pounds in death benefits as a "dependent", even though she had given up her financial independence in response to his wishes, a High Court judge ruled today.

Mr Justice Carnwath said the fact that Carol Slack, of Newark, Nottinghamshire, was living with Keith Hindle-Smith and he paid for their joint expenses was not sufficient to establish that she was dependent on him, and she had given up her financial independence as "a matter of choice".

In a judgment with important implications for the beneficia-

ries of pension trusts, as well as the trustees, the judge ruled that the Pensions Ombudsman had been entitled to find maladministration by the trustees of the pension scheme arranged for Mr Hindle-Smith, who died intestate in August 1992. The judge said the trustees had acted "wholly unreasonably" in awarding £80,000 of £140,000 in benefits to Mrs Slack.

In August last year, the Ombudsman ruled the award "null and void" and ordered the trustees to recover the payouts on behalf of Mr Hindle-Smith's children; each trustee to pay the brother and sister £500 each in compensation.

Aircraft firm plans superjumbo

A new European "superjumbo" aircraft capable of carrying as many as 600 passengers who would tuck into meals from on-board fast food outlets could be in service within seven years.

The consortium Airbus Industrie, in which British Aerospace has a 20 per cent stake, is planning to build up to 650 of the double-decker aircraft over the next 20 years if there is enough interest from airlines.

The Toulouse-based company signalled its intentions yesterday by creating a large aircraft division to accelerate its work on the project, known as the A3XX. Airbus's American rival Boeing is also drawing up plans for a new large aircraft, but the European version will be a completely new aircraft.

British Aerospace, which has built the wings for all Airbus aircraft so far, would be the

favourite to provide wings for the new large aircraft.

An Airbus spokesman said yesterday: "We might be able to launch the project within the next two years and have the first passenger flight by 2003."

"We reckon airlines are going to need more than 1,300 aircraft of 500 seats or more over the next 20 years and we would hope to produce about half of them."

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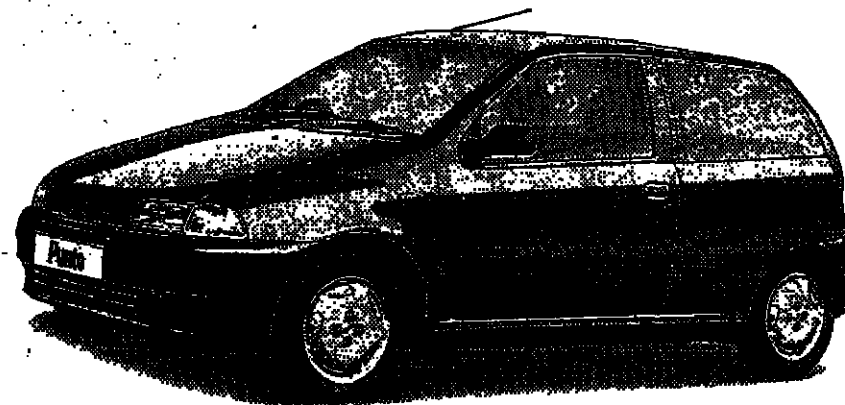
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Teachers' conference: Dunblane tragedy heightens fears

Action urged over security in classrooms

FRAN ABRAMS
Education Correspondent

Teachers have called for video surveillance, panic alarms and local committees with strong legal powers to protect them against intruders following the Dunblane tragedy.

The Association of Teachers and Lecturers' conference, meeting in Torquay, heard that teachers felt increasingly threatened because of a lack of security on school premises. The deaths of 16 children at Dunblane Primary School and of head teacher Philip Lawrence, stabbed to death outside his London secondary school in December, were cited as examples of the dangers they faced.

The 150,000-member association has asked ministers to set up School Safe Commissions which would try to solve security problems on a local level. It will press the schools minister, Robin Squire, on the issue when he speaks to its conference today. Strategies might include cutting the number of entrances to a school to prevent intruders.

Peter Smith, general secretary of the ATL, said a Harris poll

carried out on behalf of the union showed 84 per cent of people believed meetings between parents, governors, teachers, police and education officials would lead to improved security.

These commissions should be given statutory powers and should be responsible for producing policies on security and violence. Measures to prevent attacks by pupils might include a "red card" system described to the conference yesterday by David Blunkett. Labour's education spokesman. Under the system, which Mr Blunkett saw operating in a school in Newcastle, children were given a yellow card and punished if they offended. Three yellow cards led to a red card, and parents would be called in.

Mr Smith said: "There is no simple answer to the issue of violence in our schools and colleges. We can only beat this problem if we work together. Schools cannot be fortresses."

Sally-Ann Webster, a teacher from Humberside, who joined the profession after leaving the police, said she had never felt so vulnerable as she now did in her classroom.

"As a police woman I was

happy to walk the streets on my own at 2am, to interview people on my own in the police station because I only had to press a button and someone would come to my assistance. I have no feeling of security in the classroom," she said.

Mr Blunkett told the conference that Labour would look for new ways of combating violence in schools. "But while the criminal justice system must pick up the pieces when young people go off the track, the education system can do much to keep our young people on the rails in the first place. Prevention is better than cure," he said.

Gold wasn't all that glittered for Jackie O

MARIANNE MACDONALD
Arts Correspondent

The publication of the sale catalogue detailing the jewellery of Jackie Kennedy Onassis has proved what the experts suspected all along - that the former First Lady may have had a lot, but it wasn't worth very much.

The hefty 560-page catalogue offers as many pieces of jewellery, but to the surprise of the uninitiated, many of the earrings, necklaces and bracelets, are - as one might say in polite circles - faux.

A classic example is the triple-strand pearl necklace Jackie O is wearing in the famous 1962 photograph showing her laughing at her son, John-John plays with the pearls. In fact the necklace is paste, as are the diamonds in the Art Deco-style clasp. Its value is estimated at a mere £330 to £460.

Those wanting a reminder of the woman who was America's closest equivalent to royalty should find dozens of affordable keepsakes at the auction on 24 and 25 April at Sotheby's, New York.

A gilt necklace by Chanel is



John-John plays with his mother's fake pearls in 1962

£200 to £260 and an elegant pair of fake pearl earrings £130 to £200. Even an elaborate collar of fake jet, moonstones, emeralds and mother-of-pearl is a snip at up to £330.

Jackie O was known for her elegant and restrained taste, but a closer look at her huge collection of jewellery reveals her love of dramatic pieces, strong ethnic influences and bold shapes. It would be wrong, however, to imply that the gorgeous array of bright jewels are all within reach of ordinary mor-

als. Page 453 yields the marquise-shaped diamond engagement ring, by Harry Winston, given to Jackie by her second husband, Aristotle Onassis. The 40-carat Lesotho III diamond, estimated at up to £400,000, came from a stone said to be one of the largest diamonds ever found.

But bidders should beware. Sale prices for celebrity sales tend to far outstrip the estimates. Last year a pair of Nureyev's worn ballet shoes, estimated at £39, fetched £5,912.

The famous necklace, estimated at just £330 to £460

Abuse-claim advice 'ignored'

FRAN ABRAMS

Headteachers are flouting government guidelines brought in to protect staff against false allegations of abuse by pupils, a teachers' union heard yesterday.

Despite advice that schools should investigate before taking action, teachers are still being suspended automatically, the Association of Teachers and Lecturers (ATL) conference in Torquay heard.

The union called for a review of the guidance, as one of its members described how his name was still being kept on police files despite his being cleared of abuse allegations. Glyn Rowlands, a teacher at Peartree Spring junior school, in Hertfordshire, was confronted by a parent after dancing with children at a school disco 16 months ago.

The woman's seven-year-old daughter had told her Mr Rowlands invited her into the dining room to see "Father Christmas". When he was alone with the girl, she alleged, he picked her up and kissed her before telling her she could talk to her parents about it but not to her friends. Fortunately, Mr

Rowlands's wife and two sons believed he was innocent, he said, but a policewoman who visited the school to question him told him "children don't lie about these things".

Mr Rowlands was not suspended but was called to a meeting with his county council. The day it was due, a fortnight after the allegations were made, the girl withdrew them. Her parents gave him flowers and chocolates but the police did not apologise and he discovered his name would remain on their files with the words "charges withdrawn" beside it. "Judgements should not be made before all the evidence has been gathered and certainly not by those who are investigating," Mr Rowlands said.

Peter Smith, the union's general secretary, said it would press for government guidelines on the subject, published last October, to be implemented fully. "Headteachers feel that if an allegation is made, no matter how minor it is, they have absolutely no option but to suspend. But in this particular area people are bound to say there's no smoke without fire," he said.

Lecturers jobs to go

More than 2,000 lecturers' jobs will be lost this year in colleges and universities, a union claimed yesterday, writes Fran Abrams.

The National Association of Teachers in Further and Higher Education, Natfhe, said there could be more redundancies later in the year because of government funding cuts.

They come on top of 1,500 full time teaching posts lost last year. Some universities have put forward proposals to cut academic staff though most of the jobs lost would be in colleges, the union said. Among universities

where redundancies are threatened are former polytechnics De Montfort, Derby, London Guildhall, Portsmouth, Teesside, South Bank and Westminster.

Spending per student in further education colleges would drop by some 16 per cent in three years and in universities by 12 per cent, it said.

The colleges will have 3 per cent more students in September but will be expected to make savings.

The Further Education Funding Council said the majority of colleges would receive a funding increase next year.

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news

Asbestos victims win compensation battle

The multi-national engineering company T&N yesterday lost its legal attempt to overturn a High Court decision that it must pay a total of £115,000 to two cancer victims who as children played in drifts of asbestos dust around their homes.

Three Court of Appeal judges found that the company, which ran J W Roberts in the Armley district of Leeds until 1959, should have known about the dangers of asbestos dust long before the victims were born.

Evelyn Margeson, 70, was awarded £50,000 by the High Court in Leeds for the death five years ago of her husband, Arthur, who had mesothelioma, a cancer of the chest lining.

June Hancock, 60, who was awarded £65,000, is suffering from the same disease.

Lord Justice Russell said in his judgment that T&N had claimed that they could not have known about the dangers prior to 1933. "The true date was much earlier, certainly long before Mr Margeson's birth



June Hancock: 'I think T&N got their just deserts'

date. His activities as a child, therefore, as well as Mrs Hancock's were at a time when the defendants were on actual or constructive notice as to the potential pulmonary damage that exposure to asbestos dust could bring about. The judges refused the company leave to appeal to the House of Lords.

John Pickering, a solicitor

representing Mrs Margeson, said that although the judges stressed this was not a test case, it would have an impact on 22 claims that have been lodged with T&N's solicitors.

"Success in this case makes me a good deal more confident about future claims," Mr Pickering said. He added that the judgment was an important ruling in that it was found that injury from asbestos could be foreseen as far back as the turn of the century - not necessarily asbestosis or mesothelioma, but some form of injury to the lungs. "This is a significant development in asbestos law."

A spokesman for T&N plc, parent group of the company which owned the Armley factory before 1959, said: "Although there may be other claims in the future arising out of the Armley factory, it is unlikely there will be many. The financial consequences of this decision, and any such future cases, will be very limited." The company had not yet decided whether to

pursue an appeal to the Lords.

Lord Justice Russell said the factory operated from the late 19th century until 1958 making products which needed "very extensive use of asbestos". Evidence was "overwhelming" that asbestos dust was deposited in "enormous quantities" both inside and outside the factory.

William Woodward QC, for T&N, argued that it was not until 1933 that there was knowledge of the potentially dangerous qualities of asbestos. But, the judges said, a Home Office report in 1930 had found that asbestos was linked to many bronchial diseases, and the company owed a duty of care both to employees and people living near by.

Mrs Margeson said: "It's taken six years to get here, and I'm very pleased with the news today. All I hope now is that this will help everybody else in the same position." Mrs Hancock added: "I'm overwhelmed with joy. My thoughts about T&N are unprintable. I think they got their just deserts."

Designer focuses on world of Hollywood movies



Zipper up: Naomi Campbell modelling an Isaac Mizrahi creation Photograph: Sheridan Morley

TAMM BLANCHARD
Fashion Editor

Unzipped, the film about New York designer Isaac Mizrahi that opens in London later this month, has done a lot to promote the man who has more talent as a showbusiness personality than as a designer.

In the film, Mizrahi's mother is his guiding light and his solution to designing a collection is to romp through her wardrobe from the past three decades.

The clothes looked as though they had all been round the block a few times. Some pieces, like a pearlised brocade fabric made into a maxi skirt, must have been lifted from her wardrobe, but even she would avoid having to wear a catsuit with voluminous culottes.

The collection was all over the place and included a fluorescent pink satin disco catsuit. In Mizrahi's world, life is one long 1940s Hollywood movie. But his world has very little to do with reality.

Man gets 14 years for rape of boy

A sex fiend was yesterday jailed for 14 years for the rape and attempted murder of a 13-year-old boy.

Mr Justice Collins told Leeds Crown Court that James Peacock, 49, deserved a lengthy sentence because he was a danger to the public and his victim was still terrified - he barricaded his bedroom door at night.

Peacock, of Manningham, Bradford, was found guilty of attempting to murder the boy last month. He admitted the rape.

The court had heard that the teenager was fishing near a bridge in the Yorkshire town of Haworth when Peacock began to chat to him. As the boy packed up his belongings, Peacock produced a knife, grabbed the boy and raped him. When the boy bit him with a stone, Peacock tried to strangle him, punched him and then held his head under the water.

The judge said the youngster, who was found distressed and covered in blood near the scene of the attack last June, had suffered terrible psychological injuries. He told Peacock: "I bear in mind the effect this had on the unfortunate boy. Suffice to say that he is still terrified."

"He barricades his bedroom door at night and he is terrified of sudden and unpredictable movements near him."

"He is afraid that you will be released from prison and attack him again. These fears are likely to remain for some time."

Peacock, a slightly-built man who worked as a forklift truck driver, showed no emotion after he was sentenced.

The judge said that there was no indication of any mental illness and he could see no reason why Peacock committed the "most dreadful attack".

At his trial, Peacock told the jury that he had drunk seven or eight pints during his day out in Haworth, the West Yorkshire town famous for its connection with the Brontës.

He said he had never had homosexual tendencies and he did not know why he had raped the boy. He told the court: "I was just totally disgusted. I couldn't believe I had done it."

Poster sex helps adverts reach record ratings of disapproval

MARIANNE MACDONALD
Media Correspondent

Complaints about advertisements soared last year, with posters - up more than double - the biggest culprit.

The Advertising Standards Authority's 1995 annual report, published today, reveals a 124 per cent rise in complaints

about hoardings. Although only 28 poster adverts broke ASA codes, the public "are clearly expressing a level of disquiet about the images that confront them," the report said.

The worst offenders were an advert for the film *Disclosure*, starring Michael Douglas and Demi Moore, which featured the couple apparently having sex

while standing up, and a Playboy TV poster proclaiming "Morgasms" - but both were "considered unlikely to cause serious or widespread offence".

Two other campaigns were found to be offensive. One for Hamlet cigars, showing the lottery hand of fate giving the finger to someone smoking a cigar, attracted 251 complaints. While

the Club 18-30 posters, featuring notorious slogans including "Girls, can we interest you in a package holiday?" under a picture of a man wearing boxer shorts, received 490 objections.

In all, there were 2,288 complaints about 348 posters, of which 2,030 were from people who had found them offensive.

Complaints about adverts from all mediums, including the press and direct mail, rose by 32.5 per cent to a record high of 12,804. The worst advertiser, on volume of complaints, was the British Safety Council, which had 1,765 objections to an advert featuring the Pope wearing a hard hat under the slogan: "The 11th Commandment: Thou shalt always wear a condom." All were upheld.

However, the report claimed standards overall were "extremely high", with 96 per cent of press adverts and 98 per cent of poster adverts complying with British advertising codes.

Hypnotic tapes claims were inflated

Paul McKenna, the television hypnotist, put his name to exaggerated claims about "powerful hypnotic tapes" his company was selling, the Advertising Standards Authority said yesterday. It was upholding a complaint challenging claims made for the audio tapes in a national newspaper advertisement.

"The advertisement was headed 'I will give you the power to succeed' and included the head-

lines "Immediate improvement" and "Lasting benefits".

It claimed: "I have helped thousands of people, from leading business people to sports champions, to maximise their performance. Now the same is available to you on the most powerful and effective hypnotic tapes I have ever made."

"As you will discover, hypnosis really works. It's powerful and it's safe... improvement starts

right away and generally takes a few weeks to complete."

The message in the advertisement was signed by McKenna, whose television show *The Hypnotic World of Paul McKenna* turned him into a household name. The ASA adjudication noted advertisers' point that the tapes were not always successful, but said it considered "that several of the claims exaggerated the benefits of hypnosis".

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Man gets
14 years
for rape
of boy

London's £2.6 billion rail artery faces axe

CHRISTIAN WOLMAR
Transport Correspondent

Plans to build a new railway line under London linking Paddington and Liverpool Street stations have been shelved by the Government after £150m had been spent on drawing up the scheme.

The £2.6bn Crossrail scheme which would have provided a range of new railway services linking areas to the east and west of London will not be started for at least the next seven years when the Channel tunnel rail link is completed. But a statement in the Commons yesterday by Sir George Young, Secretary of State for Transport, indicated it could well be abandoned for good later this year.

London Transport, British Rail and Railtrack had hoped to start the parliamentary process to enable the construction of the line later this year, but Sir George has ordered the three organisations not to proceed with plans "for the time being".

He now wants Railtrack to take control of the project after it has been privatised but warned that "Crossrail should proceed only as a joint venture with a substantial private sector contribution".

It is doubtful that Railtrack, which is due to be sold to the public next month, will want to take on such an expensive scheme which will need a large

subsidy from the Government. Indeed, a report by Nick Montagu, the Department of Transport official in charge of rail privatisation, warned in a memo leaked late last year that handing over the Crossrail project to Railtrack would jeopardise the privatisation because it was too onerous. Therefore, the transfer is being seen as sounding the death knell for the scheme.

Michael Cassidy, chairman of the policy and resources committee of the City of London Corporation, which has been one of the main supporters of the scheme, said: "While I'm pleased the Government has not killed it off straight away, I'm convinced that once the Treasury looks at it again in the autumn once Railtrack has been privatised, it will scrap it permanently."

Mr Cassidy sees the scheme as vital to the City's future, stating: "We expect to regain employment levels of the late 1980s when there were 320,000 working in the City compared with 280,000 now. At the time, the Central Line was at times dangerously overcrowded and this will happen again unless Crossrail is built." Crossrail would run parallel to the Central Line for the route through London, relieving pressure on one of London's busiest Tube lines.

London Transport chiefs are known to be privately furious at the Government's decision as they see it as a vital part of London's infrastructure. However, publicly, Peter Ford, LT's chairman, merely reiterated his support for the scheme. An earlier attempt to get Crossrail through Parliament collapsed two years ago after opposition from a Tory MP on the committee considering the Bill.

Clare Short, Labour's transport spokeswoman, was angered by the decision and said: "Crossrail is a fantastically valued project which has been sabotaged by the Government to get Railtrack privatised."



Michael Cassidy: Convinced the scheme will be scrapped

Dogs have their day at Westminster



A competitor in the Westminster Dog of the Year contest, aimed at promoting responsible ownership, goes through its paces. The winner was Lizzy, a mongrel found by Junior Education Minister Cheryl Gillan. Meanwhile, in the Lords, legislation giving magistrates discretion on ordering the destruction of a dangerous dog was cleared but stands no chance of becoming law owing to lack of parliamentary time Photograph: Edward Webb

G7 rebuffs Britain over labour standards

DIANE COYLE
Economics Editor

The Government suffered a setback at the Group of Seven jobs summit which ended in Lille yesterday when other ministers insisted on pursuing the need to improve labour standards in developing countries in order to help cut unemployment in their own.

But the Secretary of State for Employment, Gillian Shephard, and the Chief Secretary to the Treasury, William Waldegrave, said the British approach of combining sound macroeconomic policy with deregulation of the economy had been endorsed by the summit.

The British ministers clashed with their American, French and Italian counterparts over the implications of a key section of yesterday's communiqué. It said the G7 "noted the importance of enhancing core labour standards around the world and examining the links between these standards and international trade in appropriate forms."

Its inclusion marks a victory for US and French concerns that practices such as child and forced labour make Third World goods unfairly cheap.

Mr Waldegrave said the summit had agreed that the Organisation for Economic Co-operation and Development

and the International Labour Organisation would undertake further studies. But Britain would oppose any move to take the discussion to the World Trade Organisation, the body which regulates international trade. The Treasury Secretary said: "We are not convinced that using the WTO in this way would not be a route for protectionism by the back door."

However Robert Reich, the US Labour Secretary, said it must address the issue. "The WTO is the proper forum for discussing labour standards," he said. The row is certain to continue at further international summits this year.

The summit's emphasis on

labour standards echoes European concerns about whether Britain's opt out from the EU's Social Chapter gives it an unfair advantage. The EU Monetary Commissioner, Yves-Thibault de Silguy, said: "Everyone has to be playing the same game. You would not put footballers and rugby players on the same field and ask them to play baseball."

The communiqué endorsed French President Jacques Chirac's call for a "third way" combining Anglo Saxon flexibility with European social standards. It said sound macroeconomic policies and structural reforms were both needed.

Mrs Shephard said: "There was a very clear acceptance that the most important thing in the field of jobs and employment is the pursuit of a sound economy and a deregulated labour market."

Mr Waldegrave downplayed the need for additional measures to promote social cohesion. "The best way of pursuing social cohesion is to end the division between the haves and the have nots in terms of jobs," he said.

There were signs that the American team was unhappy about the lack of growth in some European countries and would prefer to see lower interest rates.

Major dismisses TV joust as 'stupid stunt'

COLIN BROWN
Chief Political Correspondent

The Prime Minister last night was accused by Labour of "chickening out" of a televised debate against Tony Blair, the Labour leader, after dismissing the idea as a "stupid PR-stunt".

Labour sources said that by dismissing the prospect of a televised debate in the run-up to the election, John Major had also crushed Conservative Party officials who had floated the idea.

In a letter to Mr Major, John Prescott, the Labour Party's deputy leader, said: "After days of dithering ... in effect you have declined your own party's invitation."

"Whether or not the public want a televised debate, they will draw only one conclusion from your decision to get cold feet about your own idea - that you have chickened out."

The Conservative party chairman, Brian Mawhinney, refused to rule out the televised debate at the weekend. Senior Tory Party sources said there were practical difficulties, but it could go ahead if Labour was prepared to field Mr Prescott and other front benchers in other televised debates with Cabinet ministers.

Mr Major was challenged at Prime Minister's Question Time by Kate Hoey, a Labour backbencher, to take up the challenge. But Mr Major said he got from a Labour politician he had challenged to a debate when he was a young Conservative candidate.

"He told me to go and sort out my policies first and then we'll consider these stupid PR stunts," Mr Major said.

Some senior Tory strategists believed there could be an advantage in having Mr Major go several rounds with Mr Blair on television.

The event would have marked a dramatic shift in British politics towards the style of US presidential elections where head-to-head television contests are part of the routine of the hustings, and can colour heavily in people's perception of the party leaders.

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international

Bosnia's mass graves: Local people are trying to conceal the suspected burial sites of Srebrenica's butchered menfolk

Serbs cover up traces of their killing fields

EMMA DALY
Zvornik

The banality of evil is in full view on a patch of waste ground near a hamlet west of Zvornik and the Drina river, the border between Bosnia and Serbia, despite the best efforts of those who would bury a crime that was too great to hide.

The site, known as Sahinici One, is a target for investigators from the international war crimes tribunal who are in the area seeking evidence to support indictments for genocide and crimes against humanity following the Bosnian Serb capture of the town of Srebrenica last July. The International Red Cross believes more than 3,000 men were executed by the Serbs and buried in mass graves scattered around eastern Bosnia.

Lumps of sodden, churned brown earth on a patch of waste ground between a wood and a railway line, a few tyre tracks and a rotting pile of cloth mark the alleged execution site of more than 600 men. They point also to the secondary crime of a cover-up at Sahinici One.

It is clear that the grave, the physical and testimonial evidence is compelling, has been tampered with recently, despite denials by I-For, Nato's peace implementation force. I-For has also refused to despatch any of its 60,000 troops to guard the suspected massacre sites, arguing it is not a military task and that satellite surveillance would suffice.

Perhaps 40 per cent of the site, maybe 30 by 50 yards, is covered with young grass. The blades cover mounds of mud and old vehicle tracks are clearly visible. But the rest of the site has been turned over recently; there are furrows of earth mingled with grass and moss that were not there a few days ago, when reporters visited.

The fresh digging is clear to observers: the other alterations can be detailed by one journalist, David Rohde, an American who visited the site in October on a risky trip - he was caught by the Serbs at another site and jailed for two weeks. Yesterday, in a swift and unassuming visit to Sahinici One, he described the changes that have taken place since October.

"Pretty much everything I photographed has gone ... the hoes and a pair of glasses on the field," he said. Up a grassy rack, we examined what

remained of the pile of jackets and walking sticks Mr Rohde saw last year. Someone had tried to camouflage the debris by tossing old chair cushions and other rubbish on top. But we found numerous strips, torn from one piece of cloth, apparently stained with blood, that match the descriptions of blindfolds on the victims given by survivors of the killings.

We found one ID card, two bank pass-books, a Yugoslav passport and two medical cards in a cursory search; they were wet and illegible, but tribunal experts may be able to decipher names. A scarf seemed to bear large bloodstains, and shoes of the kind worn at home by Muslims poked out of the pile of rubbish. The canes and jackets Mr Rohde described last year were gone.

Three known survivors from Sahinici One described being bussed to a school in the village nearby - where children yesterday milled around the playground - then dispatched in groups, blindfolded, in open trucks, to the killing field.

They say Serb soldiers lined the Muslims up in groups of 10 and machine-gunned them. Two men, one a cripple, hid under the bodies of the fallen. At night, when the Serb guards had left, they escaped through the woods. One carried the other. It took 11 days to reach government territory. The third man escaped alone.

Forensic experts from the international war crimes tribunal yesterday began investigating the alleged massacres after the fall of Srebrenica. They are expected to visit ambush sites and alleged holding centres, as well as some of the nine graves thought to contain the remains of at least 3,000 people. Another 5,000 are still missing from Srebrenica.

Almost identical stories told by a few survivors of the mass executions paint an unspeakably grim picture of the enclave's fate under the Bosnian Serb army commander, General Ratko Mladic, who has been indicted for genocide and crimes against humanity. He was seen at the school by the survivors.

The 45,000 people crammed into Srebrenica during the war survived primarily by raiding nearby Serb villages for food. Local Serbs were killed in such attacks. It is the deaths of those Serbs that General Mladic was apparently seeking to avenge after the fall of Srebrenica.

Almost as appalling as the campaign is the implication that hundreds, if not thousands, of local Serbs knew what was happening. The executions and burials did not take place in isolated areas but close to main roads, villages, and houses.

The executions were a huge operation. Many mass graves are located between 30 and 100km from Srebrenica and the UN camp at Potocari, where the desperate civilians vainly sought the protection of Dutch UN peace-keepers after the Serbs attacked the town.

About 15,000 others, mostly men, tried to walk to safety. They were attacked by Serbs and many were captured. Survivors say they were bussed to sites all over eastern Bosnia, lined up, shot, and then dumped in mass graves.



Gun play: A young boy hangs on the barrel of a destroyed T-54 tank in Grbavica, a suburb of Sarajevo

Photograph: AP

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Walesa cruises into shipyard

ADRIAN BRIDGE
Central Europe Correspondent

Lech Walesa, the world's most famous electrician, yesterday returned to the Gdansk shipyard where he made history by taking up his old job - kept open for him during the five years in which he served as President of Poland.

It was a surreal home-coming. Escorted by a bodyguard, the now-poorly Mr Walesa swept through the shipyard gates in a chauffeur-driven black Mercedes shortly after 6.30am.

Instead of getting out the screwdrivers, Mr Walesa's first day back consisted of meeting the shipyard manager, a press conference and a nostalgic return to the hall where the Solidarity trade union was legalised in the historic Gdansk Accords of August 1980.

"This hall represents for me the best, but also the most difficult moments of my life," said Mr Walesa, the founder of Solidarity and its leader in the struggle which led to the final overthrow of the Communist regime in 1989.

Ostensibly, Mr Walesa, who was given the entry pass number 61878, wants his old job back because he needs money. Although as a former president he is entitled to a car and a bodyguard, he does not receive a state pension - a state of affairs he blames on the "malice" of Poland's government of former Communists.

As an electrician, Mr Walesa will earn a monthly salary of some 600 zlotys (£170), a tenth of what he earned as President and half that earned by his chauffeur. He admits it will not pay the rent, but with a wife and family of eight to support, he says every bit will help.

After being given the customary medical examination and an update on the yard's safety procedures, Mr Walesa is expected later this week to join his old colleagues in the workshop where he spent six years fixing electric trolleys under the supervision of the Communist secret police.

Old workmates yesterday recalled Mr Walesa as an amiable colleague and a good worker, but sensed there was more

to Mr Walesa's return than met the eye. "I don't know what is going on... Why make such a fool of himself?" said a shipyard worker, Zbigniew Zurek.

Mr Walesa's motives are complex. While wanting to discredit the government and his successor, Aleksander Kwasniewski, he is perhaps seeking to remind people of his working-class credentials.

At only 52, he has made it clear he has not renounced his political ambitions. His main aim now is to unify Poland's fractured centre and right before parliamentary elections take place next year.

In talks with his old shipyard bosses, Mr Walesa has already negotiated one day off a week to pursue his political goals and has also managed to get time off next week for a trip to the US where he will deliver a series of well-paid lectures.

Mr Walesa promised yesterday that while he is in the US he will draw people's attention to the plight of the Gdansk shipyard, which is currently heavily in debt and in search of private investors.



Wired up: Lech Walesa shows up at his old shipyard in Gdansk holding a set of screwdrivers. The former president says he needs the money. Photograph: Reuters

Bankers hope cultural theme will warm public to euro note

SARAH HELM
Brussels

European cultural history has been chosen as the main thematic design for the new euro notes, which are due to start circulating in 2002. Europe's single currency planners revealed yesterday. A second theme will depict abstract images.

Other themes, such as transport or wildlife, which were being considered for the notes, have apparently been rejected.

Decisions over the design of the euro notes and coins are being taken in secrecy by the European Monetary Institute (EMI), the central bank-in-waiting in Frankfurt, and by national mint masters.

The committees of bankers and technocrats who are planning the single currency want to produce designs which will

make the public associate with the money and lose their doubts about the project.

Psychologists and historians have been employed to advise on how this can be best achieved. However, the same committees are nervous about sparking public debate on the design of the currency, for fear of divisive argument and a further backlash against the project. Recent opinion polls have shown growing public scepticism about European monetary union.

Under stiff criticism for failing to consult the public on what the notes should look like, the EMI announced in February that a design contest is to be held in each member state.

However, the contest is being conducted in secrecy and only designers nominated by each national central bank may take part. The contest will run for the

next seven months and the judgement on the design will not happen until 1998 on the eve of the launch of monetary union.

The designers will have to work within the specifications of the two themes announced yesterday - "ages and styles of Europe" and "abstract/modern". For the "ages and styles" theme, features on the seven denominations of banknote must show a specific period of European cultural history: classical, Romanesque, gothic, renaissance, baroque and rococo, the age of iron and glass, and the age of modern architecture.

The EMI has still failed to decide whether there should be any national symbol on the notes. If there were to be such a symbol it should occupy only 20 per cent of the space and should appear on only one face, said yesterday's report.

LYONS DAYS

Doughty burghers have no truck with the herd instinct

Half-way through the week-end I learnt that the Tony Garnier hall in southern Lyons, where the centre-right UDF grouping was staging its latest round of internecine warfare (otherwise known as a leadership election), had once been the municipal abattoir. Ten days after the outbreak of the "mad-cow" crisis, with Europe suspended between condemnation of Britain's farming practices and the carnivorous Continent's worries about the collapse of its own beef market, this was information I could have done without.

But the citizens of Lyons, eaters of red meat and practically every other animal part for centuries, were unworried. Promenading in costumes through the old quarter in near zero-temperatures in honour of one of the district's patron saints, they were gearing up for the feasting to come. To be deposited at Beef Street might have seemed to a Briton like a calculated insult but to a Lyonnais it was the start of a splendid night out.

Restaurants named Master Butcher and variations on the theme advertised not just beef in a dozen or more cuts but brains, liver, sweetbread, sausages and tripe. Only one hand-written menu seemed dimly aware of a problem. Rather than beefsteak it had decided on "Charollais steak" (after the cattle breed), with the following clarification: "Animals reared 30km from Lyons in grass pastures." If anything, that made matters worse: you almost felt you knew them.

His predilection for a hearty piece of meat or sausage and a decent Beaujolais is something that has endeared Raymond Barre - former prime minister, elder statesman and Euro-enthusiast - to the wary Lyonnais in the nine months since he became mayor.

His rounded figure gave him a good start over his lean Socialist opponent, Gerard Colomb, during the election, conveying the subliminal message that he might not just be another apparition parachuted in from Paris for a nice soft retirement.

Now, both Lyons and Mr Colomb seem pleasantly surprised. So does Mr Barre, who has taken to the city in a big way. Unlike many Paris politicians with a provincial mayordom, he has moved to his adopted city and cast himself as its most fervent ambassador. As well as hanging European flags alongside the tricolour and Lyons standard at every opportunity, he solicits the day's menus from city restaurants and chooses whichever takes his fancy.

If his comfortable figure and food preferences are part of Mr Barre's success as mayor, the lean and hungry look of the Prime Minister, Alain Juppé, may well have contributed to his unpopularity both nationally and in his mayoralty of Bordeaux. The other key to Mr Barre's success could be that, at 72, he is not seeking re-election in five years' time and can concentrate on running the city rather than storing up favours.

While Mr Barre and the Lyonnais may be increasingly happy with each other, Lyons itself is going through a rough patch. For a city that has, I was told, always regarded the choice of Paris as the French capital to be "a historic aberration", this climate of self-doubt is seen as uncharacteristic and debilitating. The conviction for corruption of the last mayor, Michel Noir, contributed to it but what really brought their image problem home to the Lyonnais was the choice of Lille to bid for the 2004 Olympics. "People... kept asking why Lille, without any of the culture or history of Lyons, should be preferred and they could not understand that Lille might need the Games more," said one councillor.

Lyons has its chance to shine at the annual summit of the Group of Seven industrialised countries in June but no one sees that as any compensation and even if the Olympics defeat - perhaps the first such defeat Lyons has suffered to a French city other than Paris - has some salutary effects, it will rankle for a long time.

Mary Dejevsky

Ill-starred chef falls out of flavour

MARY DEJEVSKY
Paris

The head chef at the Tour d'Argent, the venerable Paris restaurant which suffered the disgrace of losing its third Michelin star last month, is to be replaced from the beginning of May. The restaurant's owner said he had reached agreement with Manuel Martinez to part company.

Mr Martinez is to be replaced by 44-year-old Bernard Guillaudin, a native of Lyons, with an impressive record in Paris. The owner of the Tour d'Argent, Claude Terrail, said his objective now was to start trying to recover the third star.

Founded in 1582 in the reign of Henry III, the restaurant is the oldest in Paris and frequented by French high society, politicians, and - increasingly - well-to-do foreign visitors. Except for one year, 1952, it had been awarded three stars since the Michelin Guide's star system was introduced in 1933.

The Guide gives no specific reason for awarding or subtracting a star, and all its inspections are anonymous. This year, however, it appeared to allude to the reasons for demoting the Tour d'Argent by saying that the recession in France was no reason to lower standards, and that "all that counts is what is on the plate, not the trimmings". It was one of only two restaurants in the whole of France to face the indignity of losing a third star.

While the loss of a coveted Michelin star is enough in itself to explain the dismissal of Mr Martinez, another cloud also hung over him. He was one of several celebrated Paris chefs placed under judicial investigation in December on suspicion of having taken kickbacks from a supplier at the Paris wholesale fish market. More than 20 others, including the head chef at the Crillon Hotel's two-star restaurant, were also implicated in the case, which is said to involve monthly payments of between 1,000 and 3,000 francs to each.

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US seeks deal between Iraqi Kurds

PATRICK COCKBURN
Jerusalem

The US is to make a fresh bid to resolve the simmering Kurdish civil war in northern Iraq which has killed 3,000 people in the last 18 months. Fearful of growing Iranian influence, the State Department is to send Robert Deutch, its leading expert on the region, to Kurdistan this month to mediate between the warring parties.

If all goes well the US may invite Massoud Barzani, the leader of the Kurdish Democ-

atic Party, and his main rival, Jalal al-Talabani of the Patriotic Union of Kurdistan, to Washington to sign an agreement dividing power between them. "The chances of a deal are good because neither side has been able to inflict a decisive defeat on the other and everybody is tired of fighting," says a Kurdish observer.

Mr Deutch will also want to rescue the US from a growing foreign policy debacle in Kurdistan. Ever since Iraqi forces departed in the wake of the Gulf war in 1991 it has been pro-

tested by US, British and French aircraft patrolling overhead. But failure of the US to prevent the war between Mr Barzani and Mr Talabani, who control the north-west and south-east of Kurdistan respectively, created a power vacuum which led to the Turkish invasion last year. This in turn provoked Iran into stepping up its efforts to increase its influence.

The CIA also uses Kurdistan as a base for covert operations against Iraqi President Saddam Hussein, financing Iraqi opposition groups. One opposition party, known as the Iraqi

National Accord, has planted bombs in Baghdad which killed more than 100 civilians according to testimony by their chief bomb-maker, recorded on video and first published by the *Independent*. The disclosure about the bombing may embarrass President Bill Clinton, who last month assembled 27 world leaders for an anti-terrorist conference in Egypt.

The US will try to get the Kurdish leaders to implement a peace agreement first worked out by a conference in Ireland late last year. Under this accord

the main Kurdish city of Arbil, currently held by Mr Talabani's forces, will be neutralised. There will also be redrawing of the crucial customs dues on trade - mostly of oil products - out of Iraq into Turkey.

Even though all sides in Kurdistan want to end the war, the difficulties still to be resolved are horrendous, mainly because of intense competition for influence from neighbouring countries. Iran, with a long common border, opposes the influence of Iraq, Turkey and the US in Kurdistan. It recently persuaded

Mr Barzani to sign an agreement with the Kurdistan Workers Party (PKK) which is fighting its own separatist guerrilla war against the Turkish government.

This has angered Turkey which might once again send its troops across the border into Iraqi Kurdistan in search of PKK bases. Ankara has always wanted the Iraqi Kurds to act against the Turkish Kurd guerrilla units. Mr Talabani's party has refused to sign any agreement to do so. But Turkish backing is essential if a new US peace plan is to work and Mr Deutch

will be stopping in Ankara on his way to northern Iraq.

Almost the only subject on which the US, Turkey, Iran, Syria and the Kurdish leaders are agreed is that they do not want President Saddam Hussein back in control of Iraqi Kurdistan. At the same time Iraq's neighbours want to avoid the formation of a Kurdish state, which would encourage their own Kurdish minorities to seek self-determination. The result of these conflicting pressures has been to turn Kurdistan into a permanent war zone.



Peaceful plea: A Palestinian girl in Hebron holding a placard protesting against Israel's closure of the West Bank and Gaza. Photograph: Reuters

Arafat says referendum betrays Oslo peace deal

PATRICK COCKBURN
Jerusalem

The proposal by Shimon Peres, the Israeli Prime Minister, to hold a referendum in Israel on any future peace accord with the PLO, was denounced yesterday by Yasser Arafat, the Palestinian leader, as "completely against what has been agreed upon".

Earlier, Mr Arafat said: "The collective punishments, the refusal to withdraw from Hebron, and the Israeli army's request of areas from which it had withdrawn are a declaration of war against the Palestinian people."

The aim of the surprise announcement of a referendum by Mr Peres, during a visit to Oman, appears to be to outmanoeuvre the right-wing opposition Likud party, by robbing it of its main issues.

Likud was expected to accuse Labour of planning to evacuate Israeli settlements in the occupied territories, divide Jerusalem and allow the return of Palestinian refugees. Mr Peres will now be able to say that Israel will have a chance to decide about these issues after the election on 29 May.

The exercise may be too blatant an electoral gambit. Yossi Sarid, leader of Meretz, the left-wing ally of Labour, said: "This move is intended to cynically blur all political lines and neutralise the campaign of any substantive discussion and choice."

Labour believes the promise to hold a referendum before withdrawing from the Golan Heights, as part of a peace agreement with Syria, has succeeded in defusing the issue in the eyes of Israeli voters.

Mr Peres wants to do the same with the "final status" talks between Israel and the Palestinians, which are due to start on 4 May and end by 1999.

The announcement of the referendum is more bad news for Mr Arafat. But he has little choice, except to hope Mr Peres is re-elected. Binyamin Netanyahu, the leader of Likud, says he would not reverse the Oslo accords, but his interpretation of them would leave Palestinians with little more than municipal autonomy.

At the same time, the sealing off of the West Bank and Gaza - last weekend even handicapped children on an annual holiday outing were not being allowed out of Gaza - is infuriating Palestinians.

The Israeli human rights group B'Tselem in a report describes the suffering of the 2.3 million Palestinians in the occupied territories in the month since the last suicide bombing.

It says almost 1,000 people have been arrested by Israel and it fears "that many detainees are being tortured and abused during interrogations." It says at least eight Palestinians have died because they were prevented from reaching hospitals to get treatment.

B'Tselem also questions the effectiveness of measures such as the demolition of houses of Palestinian activists, saying that 400 houses have been bulldozed or blown up since the start of the *intifada* in 1987 without diminishing Palestinian radicalism. On the contrary, it says demolitions and the imposition of curfews on whole villages are likely to drive "increasingly desperate Palestinians to perpetrate violent acts against Israelis".

It notes that no action was taken against the family or home of Baruch Goldstein, the Israeli settler who killed 29 worshippers in a mosque in Hebron in 1994.

Israel has also closed nine educational and charitable institutions in the West Bank and in Arab east Jerusalem. Shlomo Dror, a spokesman for policy in the territories, said all nine were closed for "training the next generation of suicide bombers."

"In the worst case, we closed an orphanage, because we don't believe teachers have a right to indoctrinate their kids that suicide bombers are heroes that they should emulate."

In many cases, however, the Israeli actions, such as the arrest of 370 students from Bir Zeit university, appears aimed primarily at impressing on Israeli voters that the government is tough on security.

A danger for Mr Peres, however, is that the blockade will lead to another spate of suicide bombings, which might finally ruin his hopes of electoral victory.

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IN BRIEF

Schwarzkopf calls for ban on mines

Washington — General Norman Schwarzkopf, US commander in the Gulf War, and 14 other retired military leaders yesterday came out in support of banning land mines in what anti-mine campaigners hailed as a breakthrough toward saving countless civilian lives.

In "An Open Letter to President Clinton" 14 generals and one admiral asked the President urgently to "take the lead in efforts to achieve a total and permanent international ban on the production, stockpiling, sale and use of antipersonnel land mines." The weapons are blamed for at least 26,000 deaths and maimings around the world each year. AP

Election hand over

Cotonou, Benin — President Nicéphore Soglo yesterday accepted the outcome of last month's election and agreed to hand power to the former dictator who defeated him at the polls with just over 52 per cent of the vote. AP

Car bomb in France

Roubaix, France — For the second time in less than a week, a police bomb squad was called to defuse a car booby-trapped with explosives in northern France, this time in Roubaix, 120 miles north of Paris. On Friday, a similarly rigged car was discovered in nearby Lille. AP

US jets for Egypt

Cairo — The United States will sell 21 new F-16 fighter jets to Egypt to bolster a key player in Middle East peace. US Defense Secretary William Perry said, adding that Egypt would pay for the jets with part of the \$1.3bn (US\$41m) in military aid which Washington will give to Cairo this year. Reuters

Caught on tape

Bishkek, Kyrgyzstan — The government of the former Soviet republic of Kyrgyzstan accepted the resignation of the interior minister, who was taped offering jobs to dismissed police officers. Modalbek Moldashev offered his resignation after a newspaper on Friday reported a conversation Moldashev allegedly had with two officers whose dismissal had been ordered by President Askar Akayev. AP

Communist charge

Riga, Latvia — Eight former members of the Latvian Communist Party have been indicted for lying about their political activities, the Latvian daily *Diena* reported. The eight, now members of the Socialist Party, are charged with concealing Communist Party activities after the party was outlawed in the former Soviet republic on 13 January 1991. AP

Monks still alive

Paris — Seven French Trappist monks kidnapped by suspected Muslim militants from their monastery in Algeria last Wednesday are still alive and could be hidden in abandoned mines, said Algerian newspaper *El Watan*. Reuters

UN investigation

Abuja — A United Nations team has started an investigation into the execution by Nigeria of nine minority rights activists which sparked international outrage and led to sanctions against the country. Sources in the capital Abuja yesterday said the four-man UN team had met with lawyers from the activists' trial. Reuters

Last orders please

Hanoi — Vietnam's Prime Minister Vo Van Kiet has ordered a clampdown on alcohol consumption, saying it wastes money and time and damages social morality, the *Lao Dong* newspaper said, quoting the Prime Minister as saying "society has a bad habit of excessive feasting and boozing." Reuters

Final farewell to HK

Hong Kong — The Royal Navy issued a final roll call yesterday to hundreds of locals who joined the Navy as deck hands, cabin boys and cooks. The Navy launched an appeal to local Chinese who once served in the Hong Kong squadron to attend formal ceremonies marking the Navy's withdrawal from the colony next year when Britain hands over to China. Reuters

Vatican accused of muzzling maverick

JUDE WEBBER
Reuters

Vatican City — Maverick Zambian Archbishop Emmanuel Milingo said yesterday that the Roman Catholic Church wanted to muzzle his unorthodox faith-healing and exorcism ceremonies and that he felt he had to speak out.

Milingo's controversial methods have sparked fierce debate within the Church over how far African spiritual traditions can be married with Catholic liturgical practice.

"Up until now, Milingo has never defended himself, he has always obeyed," the 65-year-old African told a congregation in Rome. "And I've been made fun of too. Now I must reflect deeply. I cannot just shut up."

Milingo, who was recalled to Rome in April 1982, resigned as Archbishop of Lusaka in August 1983, after pressure from the Vatican, which subsequently appointed him as a special del-

egate to the Pontifical Council for Migrants and Itinerants. Yesterday, he said that Vatican Secretary of State Cardinal Angelo Sodano had written, urging him to stop the ceremonies.

Chief Vatican spokesman Joaquin Navarro-Valls confirmed that Cardinal Sodano sent Milingo "a letter in the name of the Holy Father, recalling the general principle in force throughout the Church whereby pastoral and liturgical activities must be carried out in contact with the local bishop and under his coordination".

Milingo began his service with a request for all "our brothers who are possessed" to be taken aside because Sodano had written to tell him he must not conduct "para-liturgies". Milingo, who was ordained in 1958 and said he discovered the "gift of healing" in 1973, admits he does not fit in, but says his unorthodox powers stem from his devotion to Christ. "I do what I do in the name of God."

Army chief 'covered up' torture

HUGH WINSOR
Ottawa

An attempted cover-up of several incidents, including the torture and death of a Somali teenager while a prisoner of Canadian peace-keepers in Somalia, may have been directed by the chief of the defence staff and the top civilian official in the Department of National Defence. New evidence has come this week before a judicial inquiry investigating the breakdown of discipline in the now-disbanded Canadian Airborne Regiment.

Earlier this year, there was evidence before the inquiry that documents were destroyed and others hidden. But on Monday, Justice Gilles Letourneau, chairman of the inquiry, announced investigators had discovered that computerised records of communications between the regiment in Somalia and the operations centre at defence headquarters had been modified and partly erased.

Experts believe only the most senior officials could have approved such erasures. All communications logs from the regiment in Somalia during the

crucial two months in question have also disappeared, the judge said.

A colonel headed the defence department's information services has said the plan to destroy the documents was approved by General John deChastelain, who just retired as chief of defence staff in December. General Jean Boyle, who succeeded him, and Robert Fowler, Canada's ambassador to the United Nations who was then deputy defence minister.

The behaviour of the Airborne Regiment during February and March of 1993, when it

was stationed in Belet Huen as part of the UN attempt to restore order in Somalia has blasted Canada's reputation for peace-keeping. A corporal and two privates have been convicted of torturing and killing a youth. In another incident, a patrol shot and killed two unarmed civilians as they ran away from the Canadian compound.

The regiment was disbanded about a year ago following the broadcast of an amateur video of a ritual in which white soldiers sneered a black member with excrement and led him around on a chain like a dog.

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Dole ponders White House running mate

RUPERT CORNWELL
Washington

All-but-anointed as the 1996 Republican nominee but far behind Bill Clinton in the polls, Senator Bob Dole of Kansas has repaired to Florida for a well-deserved Easter holiday – and a chance to ponder the next vital decision of his campaign: who to pick as his running mate this autumn.

Normally, runs the conventional wisdom, the decision matters little. With the possible exceptions of Lyndon Johnson in 1960, widely credited with helping John Kennedy carry Texas, and of Dan Quayle who may have cost George Bush a couple of points in both 1988 and 1992, there is scant evidence that a Vice Presidential candidate has ever had much impact on the final outcome. This time, however, it could be different.

For one thing, Mr Dole at 73 would be the oldest man in history to enter the White House, should he win on 5 November. Never would the proverbial "heartbeat from the Presidency" factor – which perhaps have been so important. Second, this time a possible candidate does exist, apparently unavailable to be sure, but who every poll suggests would make a huge difference. That man is retired general Colin Powell.

If taken at his word, the for-

THE US PRESIDENTIAL ELECTIONS '96

mer Joint Chiefs chairman has unequivocally ruled himself out of consideration. For weeks, as societies have been insisting that nothing has changed since last November, when Gen Powell announced he would neither seek the White House, nor be Vice Presidential nominee on any other Republican ticket.

But speculation will not abate so easily – certainly not when every theoretical match-up shows Mr Dole and anyone else trounced by Clinton/Gore, but a Dole/Powell combination with a decent chance of victory. And as far as anyone knows, the commentators wistfully observe, Gen Powell has not been asked.

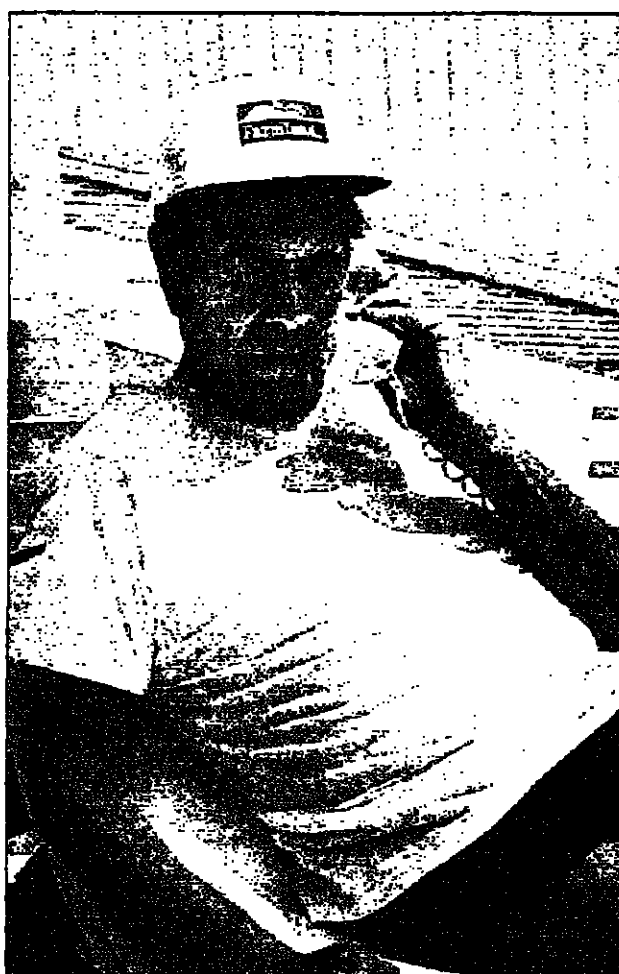
But if not Colin Powell then who? Until last week, the response might well have been Christine Todd Whitman, Governor of New Jersey, a state Mr Dole would love to win, perhaps has to win. And she has other advantages. She is young, personally and politically attractive, an economic conservative but social moderate who can appeal to both the new breed of "Contract with America" Republicans and the centrists and independents whose support is vital in a general election. Above all, by picking a woman,

the hyper-cautious Kansan could show he is capable of the bold strike. The only problem is that on 27 March Mrs Whitman issued a pre-emptive "Thanks, but No Thanks".

At which point, the calculations revert to normal, dictated above all by the arithmetic of the electoral college. To win, Mr Dole must put together a coalition of the South and the Rocky Mountain and Plains states, plus the so-called "Rust belt" of the Midwest – the old industrial heartland of Illinois, Ohio, Michigan and Wisconsin where Mr Clinton currently leads by 10 to 20 per cent in the polls.

Scant co-incidence, therefore, that the Republican governors of all four of those states are plainly in the running. Undoubted favourite among them is John Engler of Michigan, followed by, in declining order of likelihood, George Voinovich of Ohio, Tommy Thompson of Wisconsin, and Jim Edgar of Illinois. Like another name sometimes mentioned, South Carolina's former Governor Carroll Campbell, all four are shrewd political operatives. But all lack the élan and stump appeal Mr Dole sorely needs.

So other names have emerged to fill the Easter political vacuum. One is John McCain, the respected Arizona senator, a military hero from the Vietnam war whose backing for a balanced budget and reform of Washington's financial ways might persuade Ross Perot not to run. Another is Congressman John Kasich, at 43 a political strapping but already chairman of the House Budget Committee and a pillar of the 1994 "Republican Revolution". Unlike most Gingrich revolutionaries, however, he is cheerful, smiling and also happens to come from Ohio, possessor of 21 electoral college votes.



White House hopeful: A brief respite for Senator Bob Dole, relaxing on holiday in Florida yesterday Photograph: AP



John Engler: 47, elected Michigan Governor in 1990. Responsible for welfare and education reform in his home state; a devout Catholic



Jim Edgar: 49, Governor of Illinois. Welfare reformer, strong on law-and-order, has cut state government payroll sharply since taking office.



Christine Todd Whitman: 49, former US Senate candidate, elected Governor of New Jersey in 1993. Highly popular in her home state



Gen Colin Powell: 58, former national security adviser and chairman of the joint chiefs of staff. The most admired figure in US public life

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Thinning ozone in the upper layer of the Earth's atmosphere is now known to have caused an increase in eye cataracts.

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People in houses built on landfill sites where toxic chemicals had been dumped have become chronically ill. Such sites can seriously affect the health of those who live near them.

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The Government warns us to peel our carrots. Pesticide and herbicide residues in fruit and veg can cause stomach cramps. US studies show that farm workers heavily exposed to weedkiller may develop cancers.

Police assault caught on tape

JEFF WONG
Associated Press

South El Monte – Sheriff's deputies were videotaped beating two suspected illegal immigrants with batons after a 70-mile chase.

One deputy, holding his baton two-handed like a baseball bat, swung repeatedly at a person prostrate beneath him. A handcuffed woman was slammed against the pickup truck involved in the chase. About 20 suspected illegal immigrants were packed into the pickup. The suspected illegal immigrants are Mexican and the deputies are white.

"It's another Rodney King," said Ramona Ripston, executive director of the American Civil Liberties Union of Southern California, referring to the 1991 case when four white officers were videotaped beating a black motorist.

The South El Monte videotape was shot by two news helicopters overhead. The

unidentified male driver suffered bruises and a possible fractured elbow from the baton blows, said Sergeant Mark Lohman, spokesman for the Riverside County Sheriff's Department. Sgt Lohman said the other occupants were uninjured.

The group was taken to an Immigration and Naturalisation Service centre for questioning.

The sheriff's department immediately launched an internal investigation and placed two deputies on paid administrative leave. The deputies' names were not released. "We're very embarrassed and we're seriously concerned about the actions of our officers," Sgt Lohman said.

The chase began when the pickup truck driver refused to stop for Border Patrol officials. They suspected illegal immigrants were aboard because the truck was on a road frequently used to bypass a checkpoint about 60 miles north of the border.

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Back in the USSR: Deal falls short of re-creating Soviet Union but provokes anger on streets of Minsk and concern in West

Russia and Belarus strike up partnership

HELEN WOMACK
Moscow

Thousands of Belarusians cast off their national stereotype as passive people and took to the streets of Minsk last night in defiance of their conservative leader, President Alexander Lukashenko, who had earlier signed a treaty with President Boris Yeltsin on integration with Russia. The agreement stopped short, however, of creating a single state.

Yesterday's peaceful rally was smaller than one last month, when Belarusians thought the President was about to surrender their national sovereignty. But it was enough to sour the atmosphere on the day that Mr Yeltsin and Mr Lukashenko launched their Community of Sovereign Republics, which creates the closest economic and political partnership of any ex-Soviet republics.

Because Belarus is in deeper economic trouble than Rus-

sia, Mr Lukashenko has been pressing for the closest possible relationship. But Mr Yeltsin has been more cautious, lest Belarus becomes a burden.

Under the deal, each side will preserve its independence, territorial integrity, flag and national anthem. The republics will co-ordinate foreign policy and work out common defence principles. By the end of next year they aim to have their economic reforms synchronised, so that a common market be-

comes possible. "This document opens a qualitatively new stage in the history of our two brotherly peoples," Mr Yeltsin said at the ceremony in the Kremlin's St George's Hall. Mr Lukashenko said Belarus and Russia were following the example of the European Union.

The new mini-community is open to other members of the post-Soviet Commonwealth of Independent States but they have preferred to keep a greater distance.

The signing is a boost for Mr Yeltsin, who is running for re-election in June. Under pressure from the Communists, calling for the restoration of the Soviet Union, he will be able to tell voters that his alternative policy of seeking voluntary integration among ex-Soviet republics is bearing fruit.

But he cannot yet say the same about his plan to end the Chechnya war, seen as crucial to his chances of winning a second term. Yesterday the

Chechen separatist leader, Dzhokhar Dudayev, wielded his power to influence the election and kept his enemy in the Kremlin waiting for a response to his peace initiative.

Fighting continued in Chechnya despite Mr Yeltsin's announcement of an end to military operations and a partial troop pull-out. On Sunday he said a campaign last month had left federal forces controlling two-thirds of Chechen territory, enabling a withdrawal of

units not needed for the fight against "terrorists". He called for parliamentary elections and, surprisingly, offered talks through mediators with General Dudayev, whom Moscow has up to now called a criminal.

But 48 hours after Mr Yeltsin's speech there was a resounding silence from the mountains of southern Chechnya, where General Dudayev has hidden since being forced out of his capital, Grozny, last year. In a telephone call to Rus-

sian television, one of his fighters said the Muslim Chechens would not respond officially until their top leadership had met. But General Dudayev's spokesman, Movladi Udogov, gave a fair indication of the likely reaction when he told Ekho Moskvy radio: "All the political steps taken by the Russian side can be no more than pre-election action with the aim of raising Yeltsin's authority and making him Russian president for a second term."

Moscow and Kiev find way to solve fleet dispute

CHRISTOPHER BELLAMY
Defence Correspondent

Russia and Ukraine are close to signing a deal ending the long dispute over the Black Sea Fleet, clearing up one of the most intractable problems arising from the division of the former Soviet Union.

Agreement follows a meeting between Pavel Grachev, the Russian Defence Minister, and his Ukrainian counterpart, Valeriy Shmarov, in Yssovet, western Ukraine, last week. They also agreed to transfer 25 strategic bombers, capable of carrying nuclear weapons, to Russia in exchange for various other aircraft. Mr Shmarov said he favoured a "protracted" enlargement of Nato to the east but insisted Ukraine would not join any military blocs, neither Nato nor a revived military alliance based on Russia.

The former Soviet Union's Black Sea Fleet is bigger than the Royal Navy. Its 28 submarines, 31 major surface warships and 88 smaller vessels are based at Sevastopol, in the Crimea, which Khrushchev gave to Ukraine in the 1960s and which remained part of the new state when it separated from the Soviet Union in 1991. The Black Sea Fleet also has more than 200 aircraft.

General Grachev said on Friday that he was confident the issue would soon be resolved. Mr Shmarov said there were three separate agreements: dividing the fleet; where the Ukrainian component should be based; and settling debts. Division of the fleet has already been agreed: the Russians will get the biggest surface ships, including a helicopter-carrier and four

cruisers, and all the submarines, while Ukraine will get smaller warships. Georgia, on the eastern coast of the Black Sea, is also likely to get two warships under the deal.

Among the submarines to be kept by Russia is an experimental craft called the *Beluga*, which appears to be powered by batteries alone, and which, unlike other non-nuclear submarines, does not need to surface for air. The Black Sea's shallow waters are ideal for trials with experimental craft.

The sticking-point in the dispute has been the bases. Ukraine wants its ships to be based at Sevastopol but in a separate harbour from the Russians, so that the two fleets stay out of each other's way. Russia wants Sevastopol to itself and the Ukrainian Fleet to be based at Odessa.

The Russian Air Force commander, Colonel-General Pyotr Deynekin, said the 25 strategic bombers - 10 Tu-160 Blackjacks and 15 Tu-95 Bears - would be returned to Russia from their bases at Uzin and Priluki. Ukraine will also transfer about 300 air-to-ground guided missiles to Russia.

In return, the Russians will send Ukraine transport planes, helicopters, eight MiG-29s and four Su-27 aircraft.

The return of the heavy bombers to Russia is consistent with the agreed policy that it should be the nuclear successor state to the Soviet Union. Most of the nuclear missiles based in Ukraine have now been returned to Russia.

According to the International Institute for Strategic Studies, only a few SS-18 missiles remain.



Drape expectations: President Yeltsin at the Kremlin, with the Russian flag and a guard, after yesterday's signing ceremony

Photograph: AP

Most Russian troops have also been largely withdrawn from former Soviet republics, although special contingents have been sent into problem areas as peace-keepers for the Commonwealth of Independent States.

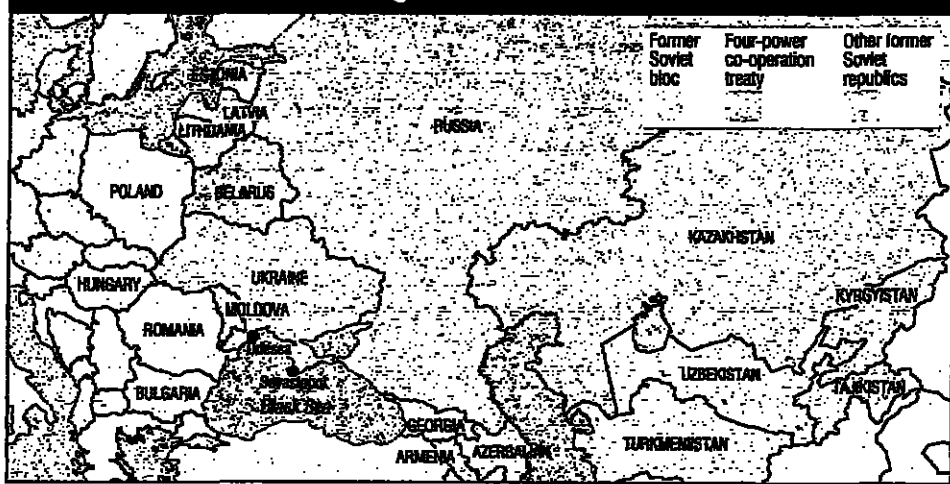
There are about 12,000 Russian troops in Tajikistan and an 11,000-strong Russian-Turkmen force in Turkmenistan. There are also two Russian contingents in Georgia: a 3,000-strong peace-keeping detachment in Abkhazia and an 800-strong Russian battalion in South Ossetia. There is also a 1,600-strong detachment from the Russian 14th Army in Moldova. The other former Soviet republics are militarily weak. The

most effective are probably Ukraine and Belarus, which retain some modern equipment and reasonably large forces, although their ability to conduct military operations on any scale is doubtful.

The armed forces of all the former Soviet republics are suffering the same problems as those of Russia, including cash starvation and lack of recruits but without the modern equipment and infrastructure which has enabled Moscow to maintain some elite units at a reasonable level of efficiency.

The most efficient armed forces are probably those of the Baltic states. They are receiving Western training and equipment but are very small.

Remaking of the Soviet Union



Bulgaria protests against new pact

ADRIAN BRIDGE
Central Europe Correspondent

Thousands of Bulgarians took to the streets of Sofia yesterday to protest against recent moves by Russia to draw the country into a new Moscow-led pact.

The demonstrators denounced comments by the Russian President, Boris Yeltsin, that a recent agreement between Moscow and the former Soviet republics of Belarus, Kazakhstan and Kyrgyzstan could be expanded to include "other countries... perhaps, for example, Bulgaria".

They also called on their own socialist-led government to issue an unequivocal rejection of Moscow's proposal and to re-confirm Bulgaria's essentially pro-Western orientation. Valentin Vassilev, an MP from the opposition Union of Democratic Forces (UDF), said: "We have to make it clear that we do not want to get sucked into some sort of Soviet Union Mark II."

Last Friday's agreement between Russia, Belarus, Kazakhstan and Kyrgyzstan essentially concerned the strengthening of economic ties and was an important step towards Moscow's goal of achieving a rapprochement between the former Soviet republics. Yesterday, Russia and Belarus went considerably further, agreeing a bilateral treaty on closer political integration.

The singling out of Bulgaria as a potential future partner provoked uproar in Sofia, sparking speculation that the government - in the hands of what opponents perceive to be Moscow-friendly former communists - may have been involved in secret negotiations.

Government spokesmen have denied that a deal has been struck, but their criticisms of Mr Yeltsin's remarks have been noticeably muted.

This week in THE INDEPENDENT

This week and every week, Section Two has a completely new look, with more pages, new features, a daily radio column and an expanded listings section providing Britain's most comprehensive daily guide to going out.

in Today

Tony Blair and Bill Clinton: are they destined for a special relationship? Global warming and you: man-made perils that will affect us all. The new Family Life section looks into how to backpact without tears. Do we need... Dennis the Menace? Jim White conducts a personal investigation into whether there is a place in the modern world for the classical naughty boy. Julie Myerson meanwhile takes her naughty boy to the

on Tuesday

Part three of The Scorching Earth: how do we slow down the global warming process?
Plus: Health - the mother of a brain-injured teenager

on Wednesday

Theatre: "Jeckyll: the musical" opened in Bromley last week. What are the chances of a West End transfer? We talk to the backers and review the show. Plus: midweek travel section, your money, finance and law.

on Thursday

All our regular features, including Dilemmas, John Walsh's column, plus film, education and graduate

on Friday

24Seven - a new 20-page pull-out-and-keep entertainment and listings section. Including a complete day-by-day planner for the week ahead, plus

hairdressers. Plus Network: the complete PC guide.

and in Sport

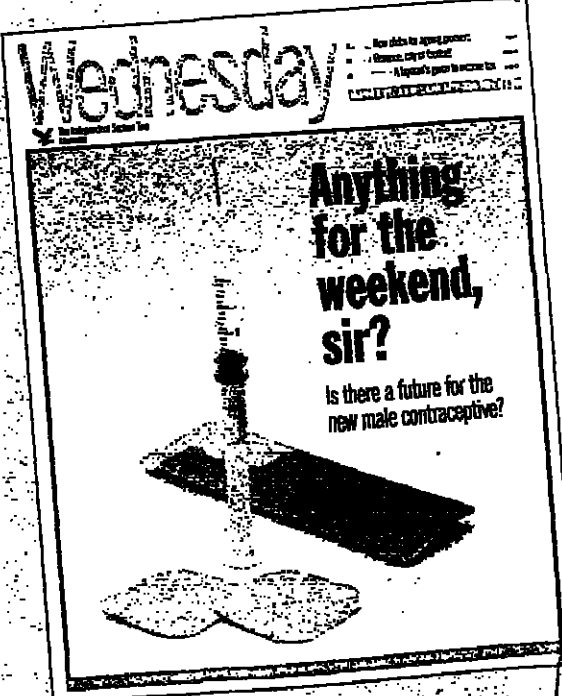
A 24-page section with all the action from a big weekend of sport. Plus: The Monday interview: Vicente Fox on masterminding Diane's redemption. The Grand National: the agony of the waiting game. And it's an all-red FA Cup Final, Liverpool vs Manchester United, dream or nightmare?

is convinced she has found a treatment to help her son. Also on Tuesday: fashion, architecture, visual arts and media.

In our back pages, Martin Newell, Britain's leading rock poet, and Neil Kerber, one of the country's funniest cartoonists, present their views of the modern world.

plus. In the back pages, William Hartston's history of the world in 10 1/2 inches

seven-day TV, radio and satellite listings, ticket offers and informed comment on the week's highlights. Plus: eight pages of pop and classical music



الجمعة 3 أبريل 1996

Singled Out?

It's the year 1999. Several European states led by Germany and France are about to go ahead with a single European currency. The British referendum on the issue is nigh. How would you vote? Yvette Cooper weighs the arguments

THE CASE FOR: GOING IN

So that's it, they've gone and done it. The mark and the franc are to be no more, and British exporters are having to grapple with calculating in the euro instead.

Those in the "Join Up" camp are having a hard time persuading voters in Britain's forthcoming referendum to listen to the rather dull economic arguments for joining the single currency. They want to convince us that the benefits – in terms of lower inflation and higher productivity – will be significant. But that is not their main argument. More important, they believe the costs of staying outside a new "Euro-block", even for a short period, will be immense.

Signing up to submerge sterling within the euro, they maintain, will be good for Britain's macro-economic stability. By that they mean German fiscal and monetary discipline will be good medicine for British inflation. Historically, Britain has a bad record for controlling inflation compared with our European counterparts, and Germany in particular. Inadequate levels of investment and training, and a tendency towards wage inflation, have remained persistent economic problems for decades. Many economists believe that Britain will never make the difficult decisions to tackle those underlying problems with its economic performance while it can still devalue its currency as a way to make its exports competitive.

When British goods become too expensive to compete abroad, the easiest thing to do is let the pound fall in value, so goods become cheaper on foreign shelves. The trouble with that is that it starts the inflationary cycle all over again. If we cannot devalue – because we are locked into the euro – we will have to sort out our inflationary problems once and for all. Tough medicine – but worth it in the long run. Even those who don't have such a grim view of the British economy accept that joining the euro will make it easier to convince the financial markets that we are serious about keeping inflation low. The financial markets will view sterling as a

weaker currency and a greater inflationary risk outside the euro. As a result, British interest rates would need to be higher. (The technical explanation is that higher interest rates will be needed to offset the risk for investors that inflation would eat into the value of assets valued in sterling.)

Christopher Taylor, of the National Institute for Economic and Social Research, has suggested that interest rates could be 0.75 to 1 per cent lower inside the single currency, with huge long-term benefits for investment levels in Britain.

The impact of a single currency will not be limited to interest rates and inflation. Businesses will feel the benefits directly. Most tangible of all will be the savings to frequent travellers and traders who no longer have to pay middle men every time they change currency.

But as much of Britain's trade is still with countries outside the euro region, the benefits to the country as a whole will not be huge. David Miles, the senior UK economist at Merrill Lynch, the US finance house, suggests we will save only 0.2 per cent of GDP from the benefits of not having to change currencies when trading in Europe – hardly so overwhelming a benefit that we must join up.

There may be less predictable benefits to businesses, however. The fiercest enthusiasts for a single currency argue that a truly single European market is impossible without it. If firms operate without any regard for national borders, there could be significant productivity gains as they take advantage of huge markets to specialise and make economies of scale. Wider competition should drive down prices for consumers.

outside the single currency. But covert barriers could be considerable. Britain could be at a disadvantage in any industry where personal contacts make a difference, or where government is involved in procuring contracts.

If trade barriers – no matter how discreet – started to emerge, we could say bye-bye to Far Eastern investment in the UK. The car plants and the electronics factories built in Britain by inward investment from the Far East are aimed at European markets. Future inward investors might switch to the euro countries if they felt Britain was out on a limb.

For the "Join Up" campaign, even dithering and delaying a single currency until a later date is too costly. Britain will be excluded from discussions about the European Central Bank, left out of critical European economic policy meetings and generally left unloved by our European partners. That price might not be paid for a long time but it could be high indeed.

Graphic: Mark Hayman

for

against

• A single currency should lift off Britain's inflationary weaknesses. Interest rates will be lower.

• A single currency will bring more gains from European trade and competition.

• It will prevent the Germans and French, who will be at the heart of European policy, from imposing a more *Bureau de Change* – for tourists.

• It keeps Britain attractive to inward investors from the Far East who want to sell to Europe.

• We will still have a single market, even if we don't have a single currency.

• Avoids losing sovereignty over monetary policy and fiscal policy.

• Retains the UK's ability to raise interest rates and exchange rates to compensate for distinctive economic problems, such as oil price changes.

• Britain more sensitive to interest rates, so many of us have mortgages.

• EMU might be unregulated disaster. Better to wait and see how it works.

THE CASE FOR: STAYING OUT

The "stay-out" campaign is adamant about the economic case for resisting French and German encouragement and staying out of a new single currency – at least for the time being. They argue that the competitive gains from European integration will all be achieved in the single market anyway without the extra burden of a single currency. At the same time, handing over control of monetary and fiscal policy to Europe could be extremely costly.

Relaxed about the risks of provoking French and German protectionism, they maintain that the existence of different currencies is not a big obstacle to a single market. So long as firms are spared variations in technical specification, customs and excise restrictions, and direct barriers to trade, there should be little to prevent them producing and selling without regard to national borders. The competitive gains from a single currency

are therefore – they maintain – insignificant.

The risks, on the other hand, to the overall functioning of the British economy could be considerable. For those in favour of Britain joining a single currency, a single Euro-wide interest-rate policy is a good thing because it prevents Britain indulging in inflation. For the "stay-outs" however, a single Euro-wide interest rate is a clumsy economic tool which prevents different countries reacting to the particular economic problems that beset them.

They have a very good point. Interest rates and exchange rates are useful tools for helping economies adjust to shocks. If countries are affected in different ways by economic changes, they can need very different responses to help them cope. For example, if America goes into recession, demand for British goods is affected far more strongly than demand for other European goods. A cut in British interest rates could ease the pressure on British firms and prevent a recession. But in the new world of the euro, that kind of adjustment won't be possible.

The stay-outs argue that this kind of thing will happen all the time: the British and German economies are so different that they are inevitably beset by different kinds of problems. The right interest rate reaction in one country could mean recession and unemployment in the other.

There is a further reason why Britain and the core euro countries should not be subject to the same monetary policy: they respond in different ways to changes in interest rates. In Britain we are heavily dependent on mortgages. If interest rates go up, mortgage repayments rise, and consumers scream. In 1990 around 10 per cent of household income in Britain was taken up with debt repayments, compared to 3.2 per cent in Germany and 3.7 per cent in France. Businesses have lower debts in Britain than in the euro core countries, but we are more

dependent on variable interest rates. The result is that a 1 per cent rise in interest rates to choke off inflationary pressures in France and Germany could be far more damaging in Britain.

Joining the euro also means losing control over fiscal policy. Under the Maastricht criteria, and under the proposed "stability pact" rules for countries inside the single currency, national governments must not borrow more than a specified amount each year. This gives countries even less freedom to manoeuvre when coping with their distinctive economic problems. The single currency fans have a retort here, however. To make a single currency work, all the euro countries would need to share the burdens of unexpected economic shocks, transferring cash to the country that most needed it. True, there is not yet much political support for taxing the French to give to the Brits, but it is not entirely unworkable. Even without a single currency, Europe is preparing to bear much of the cost for compensating British farmers for the damage done by BSE.

The stay-out campaign has one further advantage on its side. It will be joined by many people who accept the arguments for the euro in principle, but want to dither a little longer before committing Britain to a great and possibly very expensive experiment.

Initial teething troubles could be costly for everyone involved, and economic tensions between member countries could yet pull the whole thing apart. Of course there are costs to waiting and joining later on. But there are even bigger costs to joining now and pulling out again. Meanwhile a few more years of integration in the single market could lead to greater convergence in the way countries respond to different economic changes, so all the problems generated by a single European interest rate might be reduced. All things considered, they might prefer to wait and see.

Rooms at the top

Fancy a discreet little London pad? Not a bad view – well, the whole of London, actually. And a snip at £40,000. The BT actually. Telecom Tower, one of Britain's most famous landmarks, is for sale. Imagine the one-upmanship as you stroll through Regent's Park. See that little monolith there? Mine, you know. Can't invite you in. I'm afraid.

That is the one snag in the coming transaction. The new owner will not actually be allowed to set foot inside his or her new property, which will continue to be a BT communications centre. The tower will be sold on 17 April, with the buyer entitled to an interest payment of £2,500 per annum until the year 2037.

According to Harman Healy Auctioneers and Valuers, the tower does not come with parking space but would make an interesting conversation piece. John Barnett, one of the auctioneers, believes that although the owner of the building will not have any rights over it, it would make a great "trophy property". "The sort of people who'll buy something like this do it just for fun. Some people buy antiques they never use or store out of sight. Others do it with property. I personally own a small island in Scotland."

Peaks and troughs of Marylebone

The Marylebone Mountaineering Club may not face much of a challenge from local peaks, but the club clearly gives its

members a splendid service. Only the most pertinent speakers will do. Last year it ran a "triumphant lecture" on climbing safety, delivered by one Julie-Ann Clyma. Now, this year, members are invited to a talk on walking safety, given by ... Kevin Walker.

A novel view of women writers

What a shame. Joanna Trollope has cast aside the working title of her new novel. The book, set on a farm, had the admirable working title *Udders*, which had a highly marketable ring about it.



They think it's a bit of a joke. The 1966 World Book of Facts got in early. It was the first time a woman's name had been in the book. (above) Joanna Trollope, author of *Udders*, looking for a new title. (below) Joanna Trollope, author of *Udders*, looking for a new title. (below) Joanna Trollope, author of *Udders*, looking for a new title.

if you ask me. Now the novel, to be published in May, has the less evocative title *Next Of Kin*.

In an interview to be published tomorrow in *Good Housekeeping* magazine, Trollope philosophises about the art of writing, quoting Dr Johnson's maxim that "nobody but a blockhead ever wrote except for money". Alas, some of her fellow female novelists have not grasped this basic economic fact, it seems. She confides: "I know a clutch of women writers, some of them very



good, who are married to affluent men. And really, all the hand-wringing and brow-clutching that goes on before they write a word! I sometimes wish they had to do it to pay the gas bill."

Names please, Joanna. Or we will simply have to speculate about which hand-wringing rich men's wives you could possibly mean.

Politicians are getting there, but later

For much of 1994 and 1995, successive transport secretaries boasted about their plans to privatise the railways. Optimistically, they committed themselves to having over 50 per cent of the railways in private hands by 1 April 1996. Such promises nearly always come back to haunt politicians, especially if they are made for April Fool's Day. So Brian Mawhinney, John MacGregor and the current secretary, Sir George Young, will have been delighted that no one noticed that only two lines, representing 17 per cent of the railway network, were in private hands by 1 April, which means they missed the target by two-thirds.

Gin, lord of the ring

After the recent difficulties for Gordon's Gin over whether or not to supply the liquor for the launch of the Denis Thatcher biography, I have some good news for the company. The Moscow State Circus, touring the UK all this summer, has demanded that its contracts be changed from one bottle of vodka to one bottle of gin a fortnight. The performers were introduced to it by their English ringmaster, Chris Balthrop, and have, according to one member, decided that vodka is "like drinking petrol". And they used to be such a patriotic lot.

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Back in the USSR

Less than five years after the Soviet Union's collapse, Russia is taking steps to bring as many former Soviet republics as possible back under its wing. Last Friday, President Boris Yeltsin and the leaders of Belarus, Kazakhstan and Kyrgyzstan signed a treaty creating a "community of integrated states". Yesterday, Russia and Belarus went even further, establishing a union that is intended to have a common foreign and defence policy, a single currency, united transport and energy systems and much more.

Mr Yeltsin contends that this agreement does not undermine the sovereignty of Belarus. He even suggests it will merely create a sort of Eurasian equivalent of the European Union. He is fooling no one. This will be a Moscow-led union. Only token symbols of independence will be left to Belarus if the treaty is implemented in full.

The larger issue is whether the latest accords are but a prelude to a Russian attempt to recreate the Soviet Union or - since history never exactly repeats itself - a new union of states subservient to Moscow. This is not as implausible a prospect as it seemed even six months ago. Restoring the Soviet Union is one of the central ingredients in the programme of Gennady Zyuganov, the Communist leader who is poised to defeat Mr Yeltsin in June's presidential elections.

Mr Yeltsin's eagerness to rush through the treaties can be interpreted as an attempt to steal as much of Mr Zyuganov's electoral thunder as possible. But it is not just a tactical ploy. It is certainly not economically inspired: a reconstituted union would probably cost Moscow money. Like most Russians, Mr Yeltsin has never found it easy to embrace the idea that states such as Ukraine, Belarus and Kazakhstan, where ethnic Russians have lived for generations, should be genuinely independent. It is no accident that Russians coined the term "the near abroad" to describe the former Soviet republics. The phrase implies a unilateral Russian right to circumscribe the independence of these states.

Still, we must not lose sight of the fact that Belarus, Kazakhstan and Kyrgyzstan signed the new treaties freely and without Russian coercion. Belarus has never developed a strong sense of separate

nationhood and, in the absence of firm Western support for its independence, it was virtually inevitable that it would drift back under Russia's shadow. Kazakhstan, with a large ethnic Russian community in northern regions bordering Russia, and a potentially meddlesome China to its east, has good reasons to forge closer links with Moscow. It also makes economic sense for the former Soviet republics of Central Asia to deepen their ties with Russia.

So far, so good. But in other parts of the former Soviet Union, Russia has applied pressure on independent states to dilute their sovereignty. This is particularly true in Transcaucasia, where the Kremlin manipulated internal political and ethnic disputes to bring Azerbaijan and Georgia back into a Moscow-led fold. Last year Russia persuaded Armenia and Georgia to grant it the right to maintain military bases on their soil. In Moldova, which borders Ukraine, Russia agreed to pull out its troops. But it would like to keep a military presence there as a way of reminding Ukraine never to threaten Russia's interests.

Clearly, Russia's leaders suffer from a temptation to exert pressure on neighbours whose independence they have not fully come to terms with. The West must make it clear to the Russian leadership that such pressure will be wholly unacceptable if it is used to coerce the Ukraine into joining the Russia-Belarus union. The Ukraine is of much greater significance than other states that have already drifted back towards Moscow. It has a population of more than 50 million and prodigious agricultural resources. Ukraine's leaders show no sign of wanting their state to be transformed into a satellite of Moscow. They must be free to decide their country's destiny.

This is equally true for the Baltic states and the former Communist countries of eastern Europe. In an extraordinary and rather alarming remark last Friday, Mr Yeltsin suggested that Bulgaria, Estonia, Latvia and Lithuania could sign the treaty uniting Russia, Belarus, Kazakhstan and Kyrgyzstan. Perhaps he had a memory lapse: the independence of eastern Europe is absolutely not up for discussion. If he did forget, Western leaders should remind him of this point as politely, but firmly, as possible.

Howard's wayward

"We face a clear threat from terrorism," said the Home Secretary yesterday. Yes, but do also face a threat from Howardism? The way the Government has rushed to amend the Prevention of Terrorism Act to extend police powers to stop, search and cordon has Michael Howard's fingerprints all over it.

There may be a case for these new powers being rushed through at breakneck speed. The IRA is restocking and moving weapons into place to resume bombing. That seems to be the gist of the intelligence briefing. There is less danger from small, easily concealed explosive devices. It may be that existing police powers to detect them are insufficient. None of us would stand in the way of the police doing their job of making us more secure against a genuine terrorist threat.

But the way Mr Howard has gone about this opens him once again to the accusation of moving too fast, without thinking openly and deeply enough about the consequences. Today he is expected to announce plans for a tougher sentencing regime that will further antagonise the judges and require a massive prison-building programme.

As for stop and search, the police record for using such powers "on suspi-

cious" is mixed, to say the least. Where are the guarantees that a law intended to be used against Irish terrorists will not be amended on the streets as a catch-all permission to stop anyone. Till now police roadblocks and cordons have been set up under common law; now, it seems, there is a need to put them on a statutory footing. Why the rush?

Michael Howard's reliability as an interpreter of statute law is testified to by the number of court appearances he has recently made. Howard's proposals need to be subject to the most intense scrutiny. The House of Commons' job is to make law that sticks because it is based on popular consent, stout principle and practicality. To test proposals coming from the executive, time is needed for debate and reflection. No convincing case has been made for these extra police powers to be legislated for as quickly as they have been. For Tony Blair and Labour to join the Tories in the lobby may be an act of bipartisanship for which they will earn electoral reward. Labour wants to present itself as capable of government, understandably so. But it must remember its current job is that of Opposition. And the Opposition's job is to stimulate debate and subject legislation to the test of argument.

Capitalism sucks (but only on mints)

Recently, my wife and I decided that it was time our eight-year-old son moved away from juvenile toothpaste and on to the grown-up stuff: away from things called Milk Teeth and Punch and Judy and on to real toothpastes, even if they do have even more ridiculous names.

There comes a time when we all have to put away childish things, as the Good Book says, and move into a more adult-oriented marketing sector, where we can pay lots more money for the same sort of stuff, but stuff which has a more sophisticated image.

My son, however, showed a disinclination to make the switch. It wasn't that he didn't want to brush his teeth with grown-up stuff. It wasn't even that he didn't want to share our tubes.

"I just don't like the taste of mint," he explained. "All your toothpaste tastes of mint. I don't like the taste of mint."

"Fine," I said. "I will get a non-mint-flavoured toothpaste for you."

And that is what I went out to do. I visited a very good pharmacy in the middle of Bath and asked for a non-mint toothpaste. It was then that the pharmacist and I made an interesting discovery: there are no toothpastes that do not taste minty. There is no



MILES KINGTON

such thing as a non-minty toothpaste. All toothpastes taste of mint.

They are not all actually labelled mint; some are labelled "original flavour" and others are called "fresh". But mint is what they all taste of.

So I ended up buying a tube of juvenile Punch and Judy strawberry-flavoured toothpaste and taking that back for my son's inspection. He liked the idea, so we are sticking to that flavour for the time being, but when you think that the whole idea was to get him to use grown-up toothpaste, it isn't exactly the ideal solution.

Now, before toothpaste fans write in and tell me that you don't have to have minty paste because you can get interesting Swiss products in health-food shops, which taste of rosemary and coriander and things, I would like to say that I have tried these interesting Swiss toothpastes tasting

of rosemary and coriander and things, and they are absolutely horrible. No, what I want to say at this point is that I have never had my eyes opened before to the ubiquity of mint in dental products. It is always mint. Even dental floss comes flavoured with mint. It doesn't come flavoured with strawberry or coffee; it only comes "plain" or flavoured with mint.

The dental-hygiene industry has obviously decided that mint is the flavour for dental products and that's that. (I don't feel strong enough to raise the peculiar British habit of having mint-flavoured vinegar as an accompaniment to roast lamb - a tradition that has done far more to make us a laughing stock in Europe than BSE ever could.) If the industry has decided that mint is for teeth and gums, it has also decided that pine is the flavour for room-freshener.

I believe it is possible to make your room smell of synthetic lemon, but the most common flavour, by far, is synthetic pine. Of course, when a room has recently been sprayed with pine room-freshener, we don't walk into it saying: "Ah, the lovely smell of fresh pine!" We go in choking and saying: "Blimey, the stink of room-freshener!" But we would

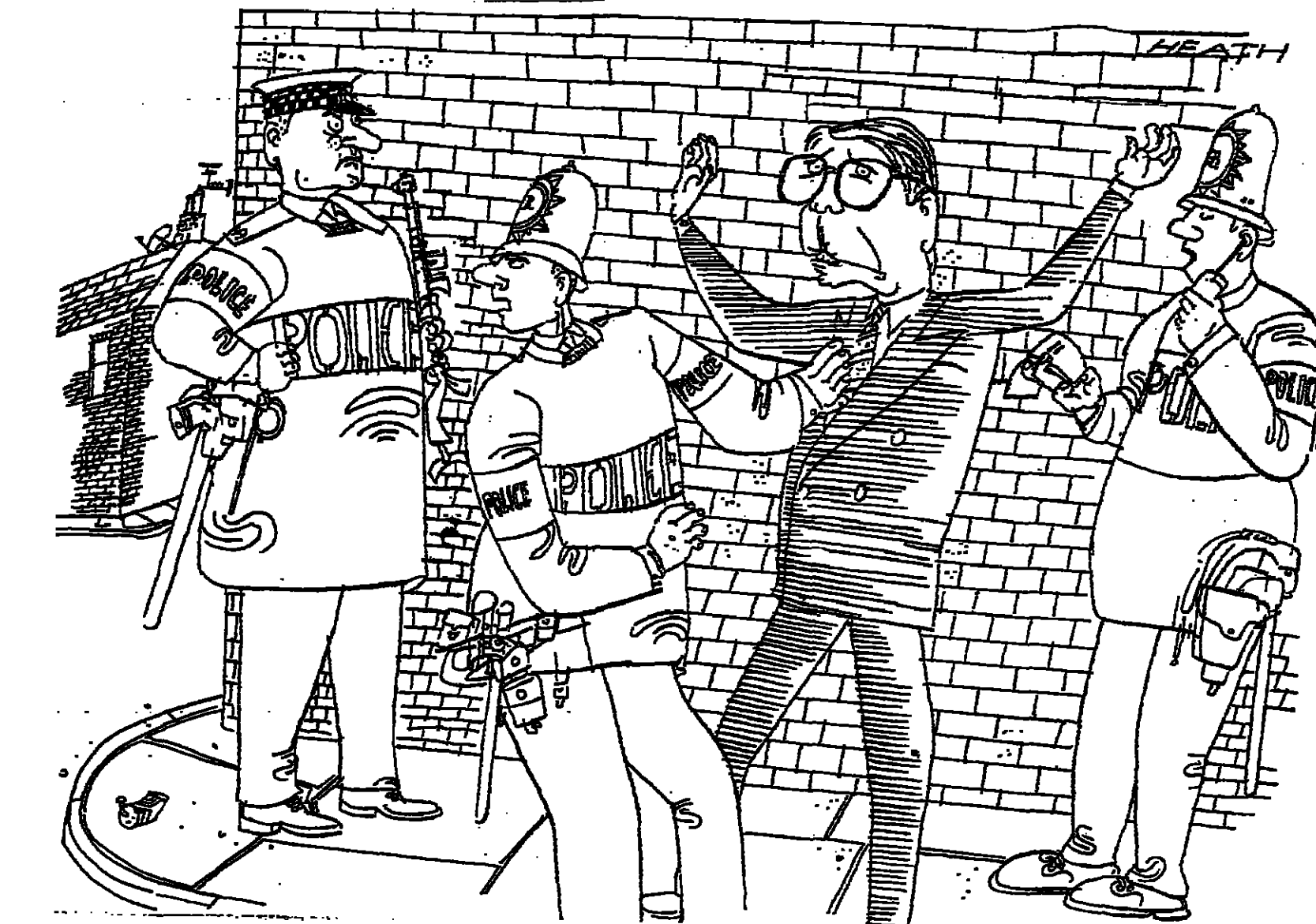
be surprised if it wasn't a pine-derived smell.

Similarly, it's lemon for washing-up liquid. And shampoo. You don't get many minty washing-up liquids. You don't get many pine-flavoured shampoos, either. All aftershaves smell more or less the same - of that basic aftershave smell.

There is much less choice today than we have ever had. Let me give you an example: when I first went to New York, as a teenager, I was bowled over by the choice of chewing-gum flavours. Most American gum was made by a firm called Adams, and you could buy it in sour apple, grape, blackjack (which was licorice) and many other fruit and candy flavours. I, who had been brought up on nothing but spearmint (mint again) and juicy fruit, thought I was entering a new era.

Now, 30 years later, if you want some chewing gum, you can buy mint-flavoured gum and juicy fruit, and, um, that's about it. You can get pine room-freshener, and that's it. You can get lemon washing-up liquid, and that's it.

The next time you hear someone saying that capitalism is good because it gives you choice, just remember these things.



'Absolutely nothing, Sarge, we can find absolutely nothing!'

LETTERS TO THE EDITOR

Ask science the wrong questions and you get no answers

Sir: Your editorial on science and BSE (30 March) is so loaded with misconceptions that it is hard to know where to begin. You contrast the recent achievements of the physicists with the inability of science to answer our questions about Creutzfeldt-Jakob Disease.

"It's all very well," you say, to explain the origins of the universe, "but if science cannot help us to explain why and when a hamburger is unsafe, we are bound to ask what use it is." This classic statement is followed by another: "We have not called them [the scientists] to account... but we should". For exactly the same reasons Newton and Faraday should have been called to account. They were preoccupied with gravitation, planetary orbits, electricity and magnetism in a world beset by smallpox, plague, cholera and much more.

The refutation of your argument is contained within your own article. You quote Sir Peter Medawar's dictum that "Science is the art of the soluble", ie scientific success depends on asking questions that can be answered. But it should have been obvious that this cannot happen without the techniques that make it possible. Newton and Faraday, for all their genius, could not have answered questions about infectious disease. These were not in the category of "the soluble", nor would they be for decades, until scientists could stain bacteria with the new dye-stuffs of the

organic chemist and look at them through the improved optics of the high-powered microscope.

If rational decisions are to be taken, the current problem needs to be seen in perspective. We are faced with a new disease, recognised only months ago. We do not know the infective dose, or the relationship of susceptibility to age, and we are not even certain of the mode of transmission. Since the incubation period is 5-15 years, a picture of the epidemic - and indeed whether there is one at all - will emerge only over a period of years. The technology does not exist that would make these problems "soluble" in weeks or even months and it does not help for you to complain that "after days (I) of deliberation, the top scientific brains... are no closer to telling us for sure what risk we might face... and what we should do to make ourselves safe".

JOEL MANDELSTAM
Emeritus Professor of Microbiology
University of Oxford

Sir: Your leading article of 30 March exhorts us to "adopt a more balanced, informed and realistic attitude toward the scientific world". That would be easier if the ignorance of science expressed there was less widespread.

Science is a way of thinking: it tries to answer questions about how we and our surroundings tick. It does so by using evidence

to test ideas on what the answers might be (hypotheses). Where evidence does not fit, the hypothesis is modified. If gathering that evidence takes much effort and time, and is open to the charge of being "grindingly boring" to some, then so be it.

Science does not have a set of answers waiting for every question. Moreover, there is never a sure answer, only one that is useful, so long as it works.

Science cannot tell us when a hamburger, or anything, is "safe", because nothing is safe. Life is risky. The problem lies in assessing the size of risk in any activity. With the possible (but unproven) link between BSE and CJD, is the risk of life-long driving to the supermarket to get beef greater than the risk of contracting CJD by consuming that beef? Or greater than the risk of early death from cigarettes or alcohol got at the same time?

Scientists are no more "sorcerers" or "masters" than are, say, politicians. They should not be held in awe any more than others whose advice is worth heeding. But advice has to be assessed before it is accepted or not. That implies a two-way understanding between scientific adviser and advised, including an appreciation of what science is.

DAVID PEDGLEY
Crownmarsh, Oxfordshire

Sir: There is a world of difference between science and the Science discussed by your correspon-

dents. It is not at all clear that everyone wearing a white coat, working in a laboratory and publishing articles in academic journals is practising science. We should not assume that, whatever the quality of the work, it is a disinterested pursuit of truth for truth's sake.

A medical researcher employed by a tobacco company or a statistician employed by this government may be a Scientist, but is he a scientist? I think not.

JOHN GRAY
Marksbury, Avon

Sir: If the only limits to science are those imposed by our ancient enemies, ignorance and fear, (Letters, 29 March) and if "emotion, spirituality and all the rest" are amenable to mathematical modelling, and all the rest; why has science not got to work on these ancient enemies and conquered them?

JOHN BATE
Oxford

Sir: Science is neutral. It is the unholy alliance of science, technology and money - egged on when it suits it by government - that is threatening the Earth and all life upon it.

Until that nexus is broken and we return to working with nature instead of trying to dominate her, that threat will inexorably increase.

HUGH POPHAM
Par, Cornwall

Abuse findings could be made public

Sir: Children in Wales and the National Children's Bureau are deeply concerned at the decision by Cwylwyd county councillors to suppress publication of their independent report into child abuse in children's homes in Cwylwyd (report, 27 March).

The report was commissioned with the best of intentions that the full facts should be known. However it appears that there is a conflict which could apply to any local authority, as lawyers and Cwylwyd's insurance company have apparently warned that to publish the report could lead to substantial claims against the authority.

The Secretary of State has powers under the Children Act to order public inquiries into child abuse scandals; the local authority is also under a duty to act on the advice of the Secretary of State. The Cwylwyd inquiry appears to have been relatively cheap

compared with the Cleveland and Staffordshire inquiries and would certainly be a lot cheaper than individual litigation taken by all those who suffered abuse. Surely the most efficient use of public money, notwithstanding the financial consequences for the insurers, is for the Welsh Secretary to use his powers to ensure that the lessons learnt from the Cwylwyd report are published.

The alternative is for the Government to accept responsibility for all child abuse inquiries (including Cwylwyd) and for ensuring that these are adequately independent, rigorous and public.

CATRIONA WILLIAMS
Director, Children in Wales
Cardiff
JOHN REA PRICE
Director, National Children's Bureau
London EC1

A revolution in rail travel

Sir: Christian Wolmar is right to point out the way Eurostar services through the Channel Tunnel are revolutionising journey opportunities for rail passengers travelling further afield ("London to Bordeaux in seven hours", 27 March).

Last month, I returned from a week in Italy by catching the 9.05am train from Milan. By changing at Lausanne and again in Paris, I was at Waterloo International by 8.15pm. En route, I enjoyed a spectacular journey taking in Lake Maggiore, the Swiss Alps and Lake Geneva, not to mention two rather good train meals.

Not so long ago, it took practically all day to travel from Paris to London by rail and sea.

MICHAEL PATTERSON
Central Rail Users' Consultative Committee
London EC2

Triumphant tones of Merseyside

Sir: At the risk of confirming the prejudice in your leading article of 1 April about Merseysiders' inclination to whinge ("Voices with an accent on trust"), I feel I must moan about the *Independent's* blinkered view of Merseyside's telephone manner.

The region has a long and successful history of providing telephone-based services for the likes of Littlewoods, Barclays and Royal Insurance. Most recently, QVC Britain's first TV shopping channel, has announced a £14m investment in building a telephone "call centre" in Merseyside.

After a two-year trial, they liked what they heard so much that they are creating 1,100 jobs.

CHRISTOPHER GIBAUD
Chief Executive
The Mersey Partnership
Liverpool

Shaping a woman's life

Sir: Yvette Cooper is right ("Sex war turns into a battle of the mums", 30 March) to "urge a truce between women over home and work" and to point out that increasingly we do both things - work-at-home and job-work, some of us simultaneously, some consecutively.

What needs continuous emphasising is what a convenient, woman-shaped, working life looks like. It goes: education, full-time job, children, part-time job, full-time job, retirement. Part of the problem today comes from the idea that "work about the house and work with one's own children" isn't actually "work" and so, because it is not recorded or marketed, it doesn't get into the statistics. Which is absurd and messes up all our thinking about "economic activity" and "productivity", and about employment in general.

I wrote a so-called Open Forum pamphlet for the SDP about 10 years ago, called *Men and Women: Equal but not interchangeable*, which the feminists in the party hated because it wasn't at the time proper to suggest the sexes might not be interchangeable. Now that it is even being suggested that men and women may be two species in a permanent symbiotic relationship, perhaps it is all right to talk about sex differences, and the "woman-shaped working life" can safely be advocated? Whatever sex or species they are, men might in fact like it too.

Certainly, if we started thinking sensibly about "work", and abandoned statisticians' Procrustean definitions, we might all be better off.

MRS ELIZABETH YOUNG
London W2

Abstinence works

Sir: Ian Hargreaves ("We need to take a hard look at drugs", 28 March) referred to the goal of abstinence as "wholly unrealistic". Independent research into the treatment outcomes of Clouds House, which offers an abstinence-based treatment, show this goal to be entirely realistic. Sixty-one per cent of the 117 subjects of the study were found to be abstinent 30 months after treatment. Why then peddle such hopelessness to those for whom this goal is essential?

NICK BAKTON
(Clinical Psychologist)
Director, Clouds
Salisbury

Air of desperation

Sir: Des Wilson (letter, 1 April) omits to mention that BAA contrives to increase the number of transfer passengers at Heathrow. Jaded passengers, having nothing else to do, "demand", it seems, yet more shops. And we are asked to accept that this is the reason for BAA's grotesque application to build another shopping centre/airport next to Heathrow. Perhaps BAA have not realised that the tide is turning against monster shopping centres.

CHRISTOPHER HILL
Kew, Surrey

The missing egg

Sir: Why is it that we eat hens' eggs, bantams' eggs, ducks' eggs, geese' eggs, quails' eggs, gulls' eggs, fishes' eggs and chocolate eggs - but never turkeys' eggs? Or do we? Have I been missing out?

JUDY ALLEN
London SW15

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Why we must not turn our backs on Europe

Monetary convergence with other European countries is sound economics and good politics, argues Tristan Garel-Jones

Labour should pledge a referendum on a single currency as a matter of principle, says Tony Wright, a key adviser to Tony Blair

There is only one thing that is certain about the single European currency: no one knows what is going to happen. That is why Britain must hold fast to its option to opt out or in. Who should be wary of anyone who advises us to decide now, one way or the other.

Yet the question will not go away. We should not underestimate the European drive behind monetary union. Something is going to happen. Yet the route to the euro will not be easy. No one believes a majority of EU members will be convergent by 1999. We are looking at a fudge, either on the criteria, or the deadlines, or both.

A fudge on the criteria would render the project unattractive for Britain – at the outset, at least. One of the supposed benefits of a single currency is that you import German fiscal and monetary rigour in exchange for giving up the ability to stimulate your economy by adjusting your exchange rate. No serious country should advertise devaluation

as a plank of policy. But, as Britain's experience post-ERM demonstrates, it can stimulate growth within a framework of monetary and fiscal prudence.

But if a critical mass of European countries were converged beyond all argument in 1999, the British people would need to count very slowly up to 100 before saying "no". A glance at long-dated British gilts and bonds shows that markets regard sterling as a weak, depreciating currency in the long term. A hard, non-inflationary euro would take its place alongside the dollar and the yen as a reserve currency. A "no" to all that would represent a refusal to sit at a world top table predicated on our desire to retain our freedom to devalue – hardly an encouraging signal for a standard-alone economy to send out.

This is not a question we will have to face in 1997. Rather, we shall be asked to consider a minority of not-so-hard core countries moving ahead, or some ingenious device for postponing

it. In both cases, the correct policy for Britain suggests itself. The convergence criteria were largely authored here and in Germany. They reflect a virtuous combination of economic targets likely to produce non-inflationary growth, so we should stick to the criteria and remain within them. Notices should be pinned up in every public place: "No Competitive Devaluation Here."

If the initial hard core were to be subjected to a generous political interpretation which allowed in countries not strictly convergent, we should remain outside EMU but stay convergent with it, and only face the question of whether to join when and if it became clear the euro is the D-mark by other means. If a post-ponement of EMU is proposed, we should argue that compliance with the criteria should carry more weight than meeting artificial deadlines. A convergent Britain is not only sound economics but also strengthens our hand in arguments about the desirability of EMU.

There are wider political considerations, too. Most of us want the European Union to work. With all its faults the EU is a force to be reckoned with. Its role in the setting up of the World Trade Organisation under a European chairman gives us a say in setting the terms of world trade. For Britain, with 27 of the top 100 European companies, the wearing down of European trade barriers is a win/win situation. We have no interest in a botched single currency; we would not be immune from the chaos that would spread.

A seated position on the fence is not the best platform from which to lecture others. Nor is our authority enhanced by the visceral nihilism toward all things European by some of the noisier elements in our society. But the fence it has to be until we are certain that the alternative is not a bed of nails.

The writer is Conservative MP for Watford.

As the Cabinet struggles to find a form of words on the referendum, Labour looks on in gloom. When the Government's end arrives, Europe will be at the heart of the mess. It would be entirely appropriate that an issue which has so dominated this government's life should dominate the circumstances of its demise.

The temptation for Labour is to let the Tories do their worst. This means that we leave them with their visceral divisions on Europe and trail our own idea for a putative referendum but in carefully unspecified terms. We know we have to do enough to avoid the "soft on Europe" charge, especially when Europe itself has started playing the Waiting For Blair game with mounting enthusiasm. So the temptation is to be coyly crafty, flirting with a referendum in a way that will maximise Tory discomfort.

We need to do more than that. The worst reason to embrace a referendum is to continue normal politics by

other means, to match a Tory promise. Labour's commitment on this should not be determined by the fudge that the Cabinet finally comes up with. The fact is that we need a referendum on Europe and Labour should say so now.

We need it above all because of what we have been saying about a people's Europe. This kind of Europe can never be constructed as an enterprise of elites. The lesson of Maastricht was that an old way of building Europe had hit the buffers. This should have prompted a period of intense debate about the future of the European project, but it did not. Until now, as the debate over enlarging the community combines with the single currency arguments to show that the old model of European developments is being replaced by a new one.

Those of us who care about the European project should be the loudest in demanding a new vision to be put to the people of Europe. That vision will be net-

her the hard integrationism of the old Europhiles nor the disengagement of the old Europhobes. The tragedy of the European issue in Britain is that there is a majority position that finds it difficult to express itself.

But it is not just a British issue now; it is a European one. One of the reasons why the single currency causes so much trouble is that it looks like a hang-over from the faded Maastricht model of technocratic Europe, rather than the start of a renewal of the European project. That is why a popular vote on it matters.

For Labour, it should also matter because of what we believe about Europe and about conducting politics in a new way. The fact is the European Union will not work if it is a union that people do not want to live in. It needs to enable us to achieve desirable things together that we could not achieve separately.

A referendum requires that people vote for or against a concrete proposition. The elites

have to engage with the people. This process is fraught with dangers, certainly, but also has the prize of legitimacy as its reward. And that is what Europe badly needs, an injection of democratic legitimacy.

Labour has staked its claim to be a new kind of party offering a new kind of politics. Old kinds of parties embrace referendums as tactical devices; new kinds of parties embrace them as instruments of democratic principle. We are already offering a referendum on the electoral system. We should be offering a referendum on devolution (and probably will have to once the going gets sticky, which is why it would be much better to promise one now). A clear referendum commitment would certainly trump the Tories. But that would be the worst reason for doing it. The best reason would be because a people's Europe demands it.

The writer is Labour MP for Cannock and Burnwood.

Is this the colour of the new millennium?

Peter Popham argues that Pepsi's blue period may inadvertently have captured the mood of melancholic times

Joni Mitchell's best record, Derek Jarman's most haunting film; the canvases of Yves Klein, Joan Miro, René Magritte and Henri Matisse: blue is the thread that links them all. "Blue," Matisse remarked, "acts on feeling like the strong blow of a gong." Now Pepsi, in the advertising campaign launched yesterday, is paying £300m to make the colour its own.

It is a bold, perhaps a desperate gamble. Pepsi, after all, is not turning blue, does not have a new, blue ingredient (extract of sea water, perhaps?). In fact, it is proud to declare itself unchanged in every detail – except the colour of the can.

Is Pepsi content that it recalls 'plagues and things hurtful'?

Last week Pepsi was red, white and blue – like just about every other cola on the market – with red predominating. Today it is blue, blue and blue, with a smidgen of red and white for old time's sake. And therein, Pepsi hopes and prays, lies the magic ingredient that separates disaster from triumph.

It is an insanely extravagant nonsense, a £300m insult to the public's intelligence. Yet something tells one that they may be on to something. If this is crassness, it is crassness on such a cosmic scale that it cannot fail to command our attention, however briefly.

To understand Pepsi's strategy, one must appreciate that we are on the cusp of the new millennium. We are also, according to some enthusiasts, into the Age of Aquarius, which began six weeks ago when Uranus moved into Aquarius (more serious astrologers say that's all baloney). In the marketing gobbledegook with which Pepsi explained its campaign, the organisation stated: "The new



Picasso's painting of 'The Absinthe Drinker', portrait of Angel Fernandez de Soto

identity effectively leverages blue as Pepsi's signature colour and clearly communicates Pepsi's young, fun personality into the year 2000 and beyond ... the blue grid pattern gives the iden-

tity depth and dimension – projects the brand into the next millennium, leaving its competitors stuck in the 1800s and 1900s. The thing about colours is that they contain a multiplicity of

unrelated and even contradictory messages. The "young, fun" message of Pepsi's desideratum connects with blue's primary dictionary definition, "of the colour of the sky and the deep

sea", awakening thoughts of summer holidays and warm seas. It perhaps even revives memories of the "Club Pepsi Max" promotion, when Pepsi took over Ibiza's Club Med, sprinkled

it with stars and celebrities, and sent their competition winners there.

But "fun" is the label on only one of the boxes in which blue keeps its meanings. "... The colour of smoke," the OED goes on, "vapour, distant hills, steel, thin milk ... said of the veins as they show through the skin ... often taken as the colour of constancy and unchangingness." In Britain, it is the colour of the Tories. But elsewhere, too, it has strong associations with conservatism, seriousness, chilly formality: the qualities that made The Big Blue such a fitting epithet for IBM in its glory days, before the fruiting of that little Apple.

Pepsi may be content to buy into some of these messages: seriousness and formality, for example, may be the opposite of youth and fun, but they are not inappropriate signals for a company as aged as Pepsi to transmit. But can Pepsi be equally plegmatic about having the product linked to "the blues", to "blue funk" (defined as "extreme nervousness, tremulous dread"), to the emaciated melancholy of the down-and-outs that Picasso painted compulsively in his Blue Period, to blue as a metaphor for blindness and mortality in Derek Jarman's film *Blue*? Can the company sleep altogether easy knowing that Pepsi is at one with "the colour of plagues and things hurtful"?

The fortunes of blue have changed over the centuries, broadly following shifts in the price of the pigment. Thus, when first employed by European artists in the late 12th and early 13th centuries, it could be obtained only by grinding the semi-precious stone lapis lazuli, and was hugely expensive: the more blue in a painting, the richer and more pious the client. So blue came to be used invariably for the clothes of the Virgin Mary.

By Picasso's time, however,

blue had become the cheapest colour, and one explanation for the Blue Period was that this was the colour he could best afford in those dog days. Blue was the colour of the struggling painter, just as the blues became the music of the struggling black musician.

In between these two dates, however, came blue's apotheosis, when it was adopted as the defining colour of Calvinists and other Protestants in their struggle against the forces of the papacy, whose symbolic colour had always been red. Here, in

Blue was the colour Picasso could best afford in those dog days

the confrontations of post-Reformation Europe, we have the closest prefiguring of today's cola wars: and it is appropriate that now, too, the challenger, the outsider, the pretender to the crown, should be the one to adopt the colour blue. Blue as the colour of the anti-Catholics fed into such characteristic products of Protestant culture as the blue-stockings, and the blue jeans and blue collars, which

became the uniform of the Protestant work ethic.

For the marketing guru Wally Olins of Wolff Olins, the cola war between products that are virtually indistinguishable and have "no intrinsic merit" is inevitably a matter of awakening emotions and harnessing fantasies. "Coca-Cola with its red colour completely dominates the generic," he says, "and everyone else who competes with them ends up going for red, too – like Virgin, for example. What Pepsi is trying to do is to break the generic, to make people see fizzy drinks in a completely new way."

But identification with a colour – and specifically with the colour blue – is clearly in the air. With somewhat creepy prescience, the avant-garde fashion magazine *Don't Tell It* devoted its March/April issue to the theme of blue, claiming it as the pre-eminent colour of the 20th century. "Blue captures so much of the ambivalence of today," the editor, Jiro Ejaife, enthuses. "Something triggers the sense that this is the colour of now."

Sea and sky, conservatism and the work ethic, plague and melancholy ... perhaps Pepsi's marketers really have tuned in to some deep message in the Zeitgeist. Though I strongly doubt that it's enough to make me risk rotting my teeth.

Green consumers, the real revolutionaries

The Real World initiative can achieve its goals by harnessing spending power, says Nicholas Schoon

Post-materialism. It's not a catchy phrase. Like all those other fashionable posts – post-modernism, post-Fordism – it's unlikely to enter common parlance. But post-materialism is arguably the great sleeping giant of British politics, and yesterday Real World, Jonathon Porritt's new campaign coalition, set out to awaken it.

Sadly, he may well fail to achieve his aim to broaden the debate beyond tax coming general election beyond the NHS and economy, the state of the post-materialism, where social justice, democratic reform, the state of the environment and the fate of the planet converge. If Real World fails, it will be because, at heart, it is a conventional political creature – a cluster of single-issue pressure groups mounting one big, joint lobbying operation.

There is another way to go: to ignore party-politics altogether and encourage people to change their consumption, their lives and the world about them by themselves. This has about them by themselves. This has special relevance for Friends of the Earth (a Real World supporter) and Greenpeace (which has declined to join). These are the two best-known UK green pressure groups, which, in the absence of proportional representation and a credible UK Green



NICHOLAS SCHOON

Party, have largely substituted for it. Both are 25 years old this year. Between them they have more than half a million supporters. They have won many victories, but, these days, they are treading water. Most FoE and Greenpeace supporters now realise all of us are to blame for environmental destruction, not just big business and government. FoE and especially Greenpeace are finding it harder to propel a protest into the newspapers and then on to television, forcing the politicians to address it and thereby getting name recognition and public support. Their core proposition, "You pay us, we protest", is no longer enough. They need to make more direct connections with supporters. One of the most direct links, which they have neglected, is to offer them a service: to help them live less environmentally damaging lives.

Their supporters would like to move towards a more sustainable way of life. Many of them are already doing something about it, keeping compost bins, cutting down on car use (FoE is asking its supporters to forsake their cars for two days a week).

But many people would like to go further, buying more organic food (but not at high supermarket prices) or installing green technology in their homes, such as solar water heaters. These products would help them to gain independence from huge, ungreen organisations such as utilities and supermarkets, whose main imperative is to increase consumption.

But because there is no mass market, most of these green goods are only available in small quantities at high prices. Green pressure groups could, and should, help to bring producers and enlightened consumers together, to build up markets and bring down prices. Why should they not promote "vegboxes", for example? This is the scheme in which organic farmers supply households in a district with a box full of vegetables once a week in return for a guaranteed price.

A few of FoE's 250 local groups are involved, but less than 10,000 people are participating in Britain. Imagine what would happen if a few hundred

thousand got their food this way. Organic farming would flourish and, in a large area of once intensively farmed countryside, wildlife would get a break from pesticides and fertilisers. Urban food consumers would start to make connections with food producers with whom they have little in common at the moment. It might weaken the near-stranglehold the supermarkets have on farmers and consumers.

There are other possibilities. By promoting furniture made from native oak, ash and other hardwoods, pressure groups could boost a timber market and help to expand British broadleaved forests and the wildlife that inhabits them. A coalition of green organisations could join with a manufacturer to retrofit pollution-curbing catalytic converters to old cars.

This is an approach not without pitfalls. The superficiality that characterised much of the "green consumer revolution" of the late Eighties gives ample grounds for suspicion. Supermarkets and manufacturers offered a huge range of products they claimed to be environment friendly, then embarked on an extensive "delisting" of these lines in the early Nineties, when a sceptical and confused public began to lose interest.

Greenpeace and Friends of the Earth would, understandably, be worried about compromising their independence and authority in teaming up with manufacturers seeking profits. But if this approach worked, they would be directly promoting the greener technologies and farming methods they are forever badgering government, industry and agriculture about.

Many of their activists and leaders will recoil from the idea. It sounds too commercial, too compromised, too risky. But before they reject it, they should look at the National Trust and the Royal Society for the Protection of Birds – two conservation bodies with longer histories and more supporters than FoE and Greenpeace. Both the National Trust and the RSPB have been going down the road of service provision for decades. They offer their paying members free visits to their properties and reserves, where treasured buildings, landscapes or wildlife are looked after. In doing so, they give their supporters a sense of being directly involved in conservation. Both began as organisations campaigning against environmental damage: both wield considerable influence. Their model is something the younger environmental campaigners could learn from.

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Bid talk sends Thorn EMI shares soaring



MATHEW HORSMAN
Media Editor

Shares in Thorn EMI soared yesterday on talk that a bid for the company's music subsidiary, EMI, was imminent. Dealers said interest in the stock was frenzied, as a range of blue-chip names, mostly American, were tipped to be preparing an offer. Time Warner, the US media conglomerate, and Sony, the Japanese electronics and entertainment company, topped the

list of potential buyers. The shares, which have nearly doubled in a year, closed last night at £18.45p, up a spectacular 140p on the day. Thorn-EMI had no comment on the speculation last night. Analysts said the price rise was linked to Thorn EMI's plans to demerge its highly profitable music division this summer, in a bid to enhance shareholder value. Hoare Govett, the investment bank, estimates the break up value to be £19.50 a share.

Preparations for the demerger are almost complete, with approval received from most tax jurisdictions. The demerger is expected to cost about £75m in administration and fees. "It makes sense for a bidder to wait until the company has done all the hard, complicated work, and then step in with a bid," one analyst said yesterday. The Thorn division, which operates rental shops worldwide, is worth an estimated £2bn, according to analysts' estimates.

EMI, one of world's leading music publishing and recording companies, is particularly strong in Europe. It owns the Virgin Music Group, which publishes the Rolling Stones, Smashing Pumpkins and Simple Minds. Worth about £5bn, it could fetch far more from a buyer eager to expand in the European market. "EMI has always had a few problems in the US," one analyst said. "A logical buyer would be one of the existing US music companies, which could im-

prove margins at EMI in the US and get the European market too." Among the candidates are MCA, the film and music conglomerate controlled by Seagram, the Canadian distilling and media company, and Sony, which owns Columbia Pictures and a lucrative music business. But other analysts said Disney, the US entertainment giant, was a more likely bidder, as it does not yet have a significant presence in the music business. As a major film producer, Dis-

ney could be expected to benefit from the additional sales generated by its soundtracks. Another possibility is Rupert Murdoch's News Corporation, one of last remaining global media empires that does not control a major recording label. Sir Colin Southgate, Thorn EMI's chairman, has said in the past that any bidder would have to offer a "maxi price" to derail the demerger plans. He has dismissed speculation in the past, and has been the key architect

of the demerger plan, viewing it as the logical way forward for the group. Under the demerger, Sir Colin would be chairman of both groups, while James Fifield, president of EMI, would continue in that role. Senior executives, including Mr Fifield and Sir Colin, stand to make millions out of share options. At last night's price, Sir Colin's potential gain is just under £6m.

Comment, page 21

Woolwich chief makes abrupt exit

NIC CICUTTI

Woolwich, the UK's third largest building society, was last night facing an unprecedented crisis as its chief executive Peter Robinson resigned unexpectedly, less than three months after taking office.

The society, which recently announced plans to seek a stock-market listing worth up to £3bn, refused to comment on the reasons for Mr Robinson's departure.

Sir Brian Jenkins, chairman of the Woolwich, said: "Neither Mr Robinson nor the society believe it to be appropriate to comment further at this stage. The normal business of the society is entirely unaffected. Its assets

agency meeting of Woolwich directors over the weekend. Yesterday's all-day board meeting followed mounting speculation in the City.

Some reports suggested yesterday that Mr Robinson, aged 54, has found it hard to develop a proper working relationship with Sir Brian Jenkins, former Lord Mayor of London and City accountant, who became chairman last year after retiring from accountancy firm Coopers and Lybrand.

Mr Robinson is widely viewed as the architect of Woolwich's decision to seek a listing on the Stock Exchange. The decision to float follows that of Halifax Building Society, which merged with Leeds Permanent last year.

It also came in the wake of a separate decision by Cheltenham & Gloucester, another top-10 building society to agree takeover terms by Lloyds Bank Alliance & Leicester, the nearest rival in terms of size followed suit within days of the Woolwich announcement. Last month, the Woolwich reported profits of £335m in 1995, up 10 per cent on the year before.

If the flotation goes ahead, more than 3.5 million members of Woolwich Building Society, Britain's third largest, look set to share in a shares windfall worth up to £800 each.

Both the society's 600,000 borrowers and its 3 million-plus share account holders will each be handed shares worth up to £1,000 in return for backing the flotation, due in August next year.

But Mr Robinson made headlines when he dubbed as "carpetbaggers" about 30,000 new savers who opened their accounts shortly before the announcement was made. He added that they would not share in the shares free-for-all.

Woolwich's 17 directors, including Mr Robinson and Sir Brian Jenkins, who received a total £1.4m in payments during 1994, are likely to benefit from generous share-option packages, similar to those awarded to newly listed corporations.



Robinson: Departure after only three months in office

and funds remain unimpaired."

Mr Robinson's place will be taken once more by Donald Kirkham, who retired as group chief executive in January.

Sir Brian added that Mr Kirkham had the full confidence of the society's board until a new chief executive could be found. He also confirmed that his flotation plans would continue.

Mr Robinson's departure, after 32 years at the Woolwich, would be a severe setback for the society's plan to de-mutualise next year. He took over in January, replacing Mr Kirkham only a week before the society announced its proposals.

It is believed that the meeting yesterday followed a emer-



Building for the future: Neville Simms, chief executive of Tarmac, surveying a Wimpey construction site at Gracechurch Street in the City of London, taken over as part of the two companies' recent asset swap. Accounting a slump in profits from £407.2m to £20.3m, after heavy exceptional write-offs, Tarmac promised the City sizeable cost cuts from

the deal which saw it pull out of housebuilding to focus on heavy building materials and construction services. Tarmac's shares rose 8.5p to 119p as investors focused on the expected benefits of the integration. Investment column, page 20 Photograph: Edward Webb

Ofwat warns of future South West clampdown

MARY FAGAN
Industrial Correspondent

Ofwat, the water industry watchdog, warned of a clampdown on South West Water's future prices because of "shortcomings" in the company's performance.

The regulator also said that North West Water "has some way to go to rank amongst the best performers in the industry" and that a report on Yorkshire Water's handling of the drought, would be issued within weeks.

Investigations by the regulator were started last year following concerns that the three firms are falling behind the

rest of the industry in meeting certain standards.

Ian Byatt, director general of Ofwat, said yesterday that South West's delay in improving sewage treatment "will be taken into account in setting price limits at the next periodic review". The statement adds to the uncertainty surrounding South West, which in the throes of management changes and faces potential takeover bids.

Mr Byatt also warned that while North West Water "will not require any corrective action", the company must demonstrate further improvements before the periodic price review in 1999.

Mr Byatt said: "Price limits were set in 1989 and 1994 with the expectation that companies would complete certain programmes to achieve higher quality standards and improvements in their level of service. I made it clear my intention to scrutinise company performance carefully and take action where I am not satisfied."

He said that his investigation into Yorkshire, which has been criticised over its handling of the drought, has yet to be completed. He said decisions on Yorkshire would "be based on the assessment of fact" and not on the internal enquiry which the company has undertaken.

Continental telecoms 'don't want Mercury'

France Telecom said yesterday that neither it nor Deutsche Telekom would want to buy Mercury Communications in the event of a merger between BT and Mercury's parent, Cable & Wireless, writes Mary Fagan.

The flat rejection of any interest in the UK firm followed rumours that Deutsche Telekom, with which the French group has strong links, was BT's preferred buyer for Mercury.

The German company has already dismissed rumours as "pure speculation", but its partner went further yesterday by saying: "France Telecom, Deutsche Telekom and Atlas

(the joint venture) do not have any interest in buying Mercury."

The divestment of Mercury, BT's main rival, would be inevitable if the £35bn merger with C&W is to proceed. The companies admitted last week that their advisers were in talks but have since refused to comment.

Shares in BT fell by 7p to 375.5p yesterday while C&W closed down by 9p at 529p.

NatWest Markets said the disposal of Mercury and C&W's mobile operation could raise around £2.5bn; and that a merged BT and C&W could generate £4bn pre-tax profits in the year to March 1998.

SFA to face MPs' quiz over Barings

NIC CICUTTI

The Securities and Futures Authority, the City regulator headed by Richard Farrant, is to be summoned to appear within weeks before a committee of MPs to explain its decision to discipline a former Barings executive described as a "whistleblower".

The SFA will be questioned by the Treasury and Civil Service Select Committee over its move to discipline Ian Hopkins, former head of group treasury and risk at Barings.

Other former executives who may be called before the committee include Andrew Tuckey, deputy chairman at the bank, and Peter Norris, former head of securities.

Mr Hopkins is thought to have approached the committee after a move by the SFA to ban him from working within the industry for up to three years and make him pay costs thought to be of £10,000 for his role in the bank's collapse.

However, he is understood to see himself as a whistleblower, who drew the activities of Nick Leeson, the Singapore trader who caused Barings' collapse, to the bank's attention several months earlier. Nine former Barings executives are said to be facing disciplinary action by the SFA.

One MP who would not be named, said: "The SFA has a lot to answer for. I hope we will be calling on them to appear before the Committee and tell us why they have taken this prejudiced stand against a brave whistleblower like Hopkins."

A deadline for them to accept the SFA's action passed on Friday. Two executives, including Mr Hopkins and Ron Baker, former head of derivatives trading, are believed to be opposed to the decisions taken against them. Mr Baker's penalty is believed to be similar to Mr Hopkins'.

Barings was brought down in February last year by losses of some £860 million run up by Leeson in the high-risk derivatives market in Singapore. He is now serving a six and a half year sentence in the state's Changi Prison after admitting two counts of cheating.

Barings was rescued by Dutch banking group ING. In April last year, 20 key Barings staff based in Singapore, Tokyo and London left the company.

Although Mr Hopkins and Mr Baker were both criticised by the Board of Banking Supervision inquiry into the bank's collapse, they were not held to be responsible for what happened by a separate inquiry ordered by the Singapore Ministry of Finance in October 1995.

The Singapore report said: "In our view the collapse might have been avoided if Mr Hopkins' concerns had been taken seriously and acted upon promptly."

Granada subsidiary launch aimed at ITV consolidation



New boss: Duncan Lewis to oversee expansion

MATHEW HORSMAN

Granada, the media and leisure giant, yesterday announced the launch of Granada Media Group, a new subsidiary to hold the company's extensive media assets.

The revamped operating structure is aimed at consolidating Granada's ITV licences, its pay-TV investments and its 11 per cent stake in BSkyB.

As revealed in the *Independent* last week, Duncan Lewis, formerly the chief executive of Mercury, the telecoms competitor to BT, will be GMG's new chief executive. He will

oversee the expansion of Granada's media interests on the Continent, in Asia and the US.

Charles Allen, Granada's chief executive, said the announcement did not mark a first step in splitting the company's operations in two. He added that he would continue to spend about 40 per cent of his time overseeing the TV business, despite his involvement in the time-consuming integration of Forte, the hotels and restaurants group, which Granada bought earlier this year following a bitter two-month battle.

Steven Morrison, managing director of Granada's ITV licence holder, London Weekend Television, is to be chief operating officer of the new media division.

Mr Lewis's experience managing in a regulated environment - telecoms - was considered a particular asset, Mr Allen said. The former Mercury chief was also tapped for his knowledge of advanced telecommunications markets, which are rapidly converging with those of television and broadcasting. Mr Allen said yesterday the new team would "oversee an aggressive strategy aimed at extending Granada's broadcasting interests".

Granada also owns 36 per cent of Independent Television News, the news provider for ITV, as well as a stake in GMTV, the morning commercial ITV service.

Underlying his personal involvement, Mr Allen will today meet executives of BSkyB, the satellite broadcaster, to seek wider distribution of Granada's eight new pay-TV services, grouped under Granada Sky Broadcasting, a joint venture with BSkyB.

The new services, which include a channel dedicated to repeats of Granada programming such as *Coronation Street*, are

currently planned for transmission on the 1-D transponder of the Astra satellite, which only reaches an estimated 30 per cent of potential viewers in the UK.

Mr Allen is believed to be intent on widening the potential audience for the services, which will be the first pay-TV channels launched by an ITV company.




Separately, Granada will next week formally open negotiations on the sale of Welcome Break motorway services areas, and has identified at least three buyers for the chain. Welcome Break, which Granada inherited following its purchase of Forte, the hotels and restaurants

group, earlier this year, have to be sold for competition reasons.

Whitbread, the food and drink company, is among the likely bidders.

Granada also plans to begin detailed negotiations on the sale of at least £1.5bn worth of hotel assets, including the Meridian chain, and will soon post sales memoranda to about eight "pre-qualified" bidders.

STOCK MARKETS					
FT-SE 100	Dow Jones	Nikkei	FTSE 250	FTSE 350	FTSE 400
3728.50	+10.10	+0.3	3781.30	3639.50	3.98
3728.50	+10.10	+0.3	3781.30	3639.50	3.98
3728.50	+10.10	+0.3	3781.30	3639.50	3.98
3728.50	+10.10	+0.3	3781.30	3639.50	3.98
3728.50	+10.10	+0.3	3781.30	3639.50	3.98
3728.50	+10.10	+0.3	3781.30	3639.50	3.98
3728.50	+10.10	+0.3	3781.30	3639.50	3.98
3728.50	+10.10	+0.3	3781.30	3639.50	3.98
3728.50	+10.10	+0.3	3781.30	3639.50	3.98

INTEREST RATES									
Short sterling*	UK medium gilt	US long bond							
									
*UK has frozen interest			7 January 1988						
Money Market Rates			Bond Yields *						
Index	1 Month	1 Year	Medium Bond (%)	Year Ago	Long Bond	0% Year Ago			
UK	5.97	6.38	8.05	8.40	8.16	8.41			
US	5.37	5.78	6.26	7.14	6.62	7.39			
Japan	0.56	0.89	1.73	2.67	-	-			
Germany	3.25	3.40	6.35	7.06	7.10	-			
*Benchmark indices									
MAIN PRICE CHANGES									
Rises	Price (p)		Change (p)	Change%	Falls	Price (p)		Change (p)	% Change
Thorn Emi	1843	140	8.2		Hilldown Hldgs	179	6	3.2	
Barrac	119	8.5	7.7		British Sky Broadc	438	13	2.9	
Sage Group	368	19	5.4		Hambros	243	6	2.4	

CURRENCIES					
\$/£	€/£	¥/£	\$/£	€/£	¥/£
1.5243	-0.11c	1.6950	1.5240	-0.10c	1.6970
1.5240	-0.10c	1.6970	1.5240	-0.10c	1.6970
1.5240	-0.10c	1.6970	1.5240	-0.10c	1.6970
1.5240	-0.10c	1.6970	1.5240	-0.10c	1.6970
1.5240	-0.10c	1.6970	1.5240	-0.10c	1.6970
1.5240	-0.10c	1.6970	1.5240	-0.10c	1.6970
1.5240	-0.10c	1.6970	1.5240	-0.10c	1.6970
1.5240	-0.10c	1.6970	1.5240	-0.10c	1.6970
1.5240	-0.10c	1.6970	1.5240	-0.10c	1.6970

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Asset swap paves the way for better times at Tarmac

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

There were few surprises in Tarmac's full-year figures, which had been pretty comprehensively flagged in a trading statement earlier in the year. The movement in the shares, up 8.5p to 119p, underscored the market's relief, however, that the asset swap with Wimpey appears to have paved the way for better fortunes in the second half of the 1990s than the first.

The numbers look a disaster at first blush, with pre-tax profits collapsing from 1994's £107.2m to just £20.3m, a dismal return on sales of almost £2.5bn. But what is important in investment terms is that the market was already aware of a £47m one-off loss on the sale of Tarmac's bricks business and had a pretty good idea that the company was planning to write off the whole of the £30m value of a power station contract dispute.

The underlying £10m fall in profits, moreover, came from the housing operations which are now Joe Dwyer's problem at Wimpey.

Profits there fell from £61.1m to £38.3m as building costs and selling expenses soared, pushing the trading margin down from 11.9 per cent to 7.3 per cent.

There was no price inflation and the number of houses built re-

mained static, so higher costs wreaked havoc with margins. While construction remains a complete disaster, in keeping with the rest of the British contracting industry, the core quarrying and building materials businesses appear to have pulled themselves together after the collective price-cutting madness of two or three years ago.

Profits from aggregates jumped from £45.5m to £63m, a 38 per cent rise, despite a negligible increase in turnover. Although volumes of dry and coated stone, sand and gravel, and readymix concrete continued falling, prices rose by between 8 and 16 per cent last year.

Encouragingly, the company is confident of pushing through more rises to recoup some of the 30 per cent real decline since prices last peaked in the 1980s boom.

Tarmac is not out of the woods yet, as was evidenced by the sharp fall in return on sales from the new professional services arm and contracting, which managed only £8.2m of profits from its turnover of almost £1bn. There are signs, Neville Simms, chief executive says, of an upturn - strong order books and positive margins in the regional building business - but builders have been prematurely optimistic many times

before in the last five years. That said, the market warmed yesterday to the increasing evidence of cost-cutting potential from the Wimpey housing for aggregates asset swap. Taking out the loose cannon of quarry products pricing that Wimpey had become also augurs well for

margins. Getting out of cash-hungry housing was plainly the right thing to do and the company's commitment to the private finance initiative will undoubtedly pay off eventually. Against that backdrop, a forward price/earnings multiple of 10.7, on the basis of 1997's forecast profits of

£145m, looks reasonably good value against a sector average of 11.3. A 5.8 per cent yield underpins the shares.

Exports give Highland a lift

After years of cut-throat competition in the whisky market, Highland Distilleries is at last seeing glimmers of hope.

Orders for new fillings, the whisky Highland sells to other blenders to put into their own brands, are up 31 per cent.

More importantly, last month Highland pushed through a 30p price rise on its mainstay Famous Grouse brand taking it to £12.29 a bottle, thereby maintaining the premium over the best-selling Bell's, owned by Guinness.

At the same time, Grouse has seen sales increase in each of the first three months of 1996 and has raised its market share from 13 per cent to

13.7 per cent. That sort of performance holds out the promise that the industry's stocks are now moving into better balance, raising hopes that the cycle may at last be turning up, which should benefit premium brands such as Grouse.

But Highland is by no means in the clear yet and yesterday's results show how bloody things have been. Pre-tax profits slid 6 per cent to £22.2m in the six months to 29 February, after the operating result nudged ahead 1 per cent to £13.8m.

Grouse, which contributes 45 per cent of Highland's bottom line, had a thin time of it, with profits sliding £1.5m in the UK after it was forced to join in the hefty "promotions" offered by its rivals.

This sort of discounting is something that has been eschewed by Highland in the past, but its prices clearly moved seriously out of line last year, causing its market share to slump to 12.1 per cent last spring.

Management did well to recover the lost ground in the second half, without having to discount at Christmas, and end up with a maintained market share of 13 per cent in the first half.

Highland sees scope to increase its share of the non-pub market south of the border and last year's acqui-

sition of Black Bottle from Allied Domecq should help.

But even if the British market, which fell 6 per cent last year, is now on the turn, it remains uninspiring, with supermarkets still calling the shots.

Highland's launch into the highly competitive gin market is unlikely to change that view, so the excitement must remain in the scope for promoting its brands overseas.

With increased sales to other distillers, exports made up for the UK shortfall from Famous Grouse in the first half and the launch of Gold Reserve should help penetration of the brand in the Far East.

The problem for investors is that Highland continues to be run like a private company.

It is not clear why the company needs a 26 per cent stake in Macallan-Glenlivet or the cross-shareholding in Remy Cointreau and the unquoted Robertson & Baxter group to cement trading relationships with those companies. But their presence constitutes a potent poison pill against predators.

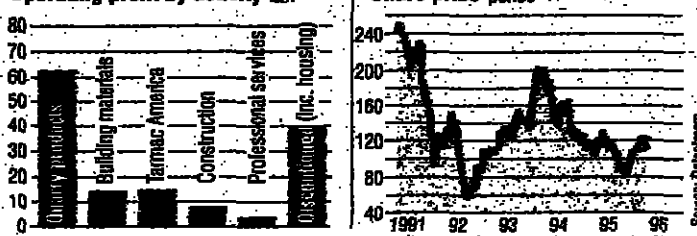
Greig Middleton's forecast of profits of £42m this year would put the shares, up 8p at 352p, on a forward rating of 16.

High enough.

Tarmac: at a glance

Market value: £1.1bn, share price 119p

Five-Year record	1991	1992	1993	1994	1995
Turnover (£bn)	323	293	267	251	248
Pre-tax profits (£m)	21.0	380.3	43.1	107.2	20.3
Earnings per share (pence)	0.2	36.4	11.3	7.8	0.1
Dividends per share (pence)	5.5	5.5	5.5	5.5	5.5
Operating profit by activity (£m)					



1 OK OLIVER. NOW, CAN YOU TRANSFER ME TO KEN?

2 SURE, MR CONNOLLY.

3 HI MR CONNOLLY. KEN HERE.

4 THINKS... HOW DO I TRANSFER A CALL? I'D BETTER TRY THE OLD HANDKERCHIEF TRICK...

5 HI KENI THOSE ENGLISH LESSONS MUST BE REALLY PAYING OFF - YOU'RE LOSING THAT MALAYSIAN ACCENT.

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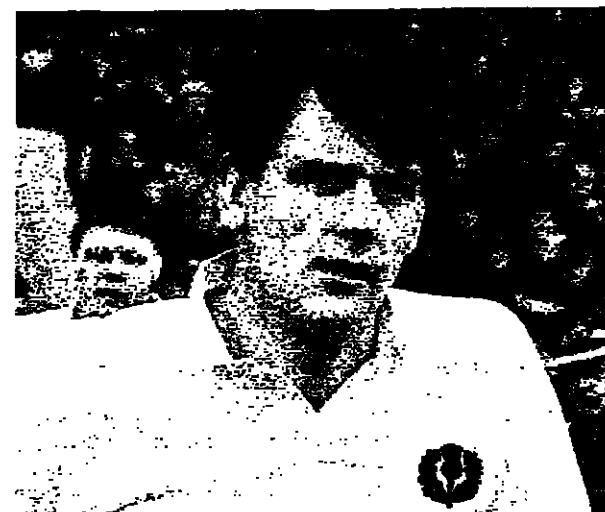
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CITY DIARY

JOHN WILLCOCK

Tiddler scotches opportunistic carpetbaggers



Famous victories: Peter Brown in rugby-playing days

The idea of "carpetbaggers" who put small amounts of money into lots of different building societies in the hope that they will receive a cash windfall when the societies convert into banks is well known.

But it has taken Scottish Building Society to turn it into a nationalist issue. The Edinburgh-based society, which has 20,000 customers and £100m in assets - a tiddler compared, say with Nationwide - says it "has closed its doors to would-be carpetbaggers from south of the border opening small accounts in the hope of gaining a bonus in the event of the Society converting to a plc or being taken over".

Furthermore, the society's chairman is Peter Brown, the former Scottish rugby captain who led Scotland to three famous victories over England. Mr Brown declared: "We may be a relatively small society but we are financially very strong and our real members would be appalled if we were to convert or be taken over. To paraphrase the words of the Flower of Scotland we are 'sending this army of speculators homeward tae think again'".

Scottish Building Society is one of five that have thrown out customer activists Michael Hardern as a member. So far he has joined 32 societies.

Mr Hardern, a freelance builder, founded a group called "Members for Conversion" last year to try to persuade societies to ditch mutuality, thereby triggering bonuses. Yesterday Mr Hardern said he had also been chucked out of Norwich & Peterborough, National Counties, Portman and Market Harborough. "I'm going to exhaust their internal complaints procedures before I go to the Building Society Ombuds-

man," he warned last night. Under the rules he needs to persuade only 100 members of each society to petition for a "special general meeting" and he can then force the board to explain why they don't want to convert and trigger the payouts.

A spokesman for Scottish Building Society described this attitude yesterday as "quite stupid... it is disturbing and expensive. There's no way we could afford to convert".

Congratulations to Will Hutton, the popular newly-elevated editor of the *Observer*, who committed his very first round of sackings on Monday. But hang on a minute - whatever happened to the caring, sharing philosophy espoused in his best-seller, *The State We're In*? Isn't this exactly the kind of beastly capitalist behaviour he deplores? Whatever, it suggests a new slant perhaps on what a "stakeholder" economy is: you risk getting one between the shoulder blades.

Lille, hosting the G7 jobs summit this week, has been keen to tell the world's press about the merits of its surrounding region, Nord Pas de Calais. Its information pack suffers a little in the translation: "Population: dense and young". This does not mean the place is full of Gallic Beavis and Buttheads. What it means is that the area has 319 inhabitants packed into each square kilometre, of whom 38 per cent are under 25.

The American delegates to the Lille summit expressed concern yesterday that many of the new jobs produced by their economy recently were of the low quality "burger-flipping" variety. Apparently the latest Washington joke goes: "Bill Clinton has created 8.4 million jobs - and I've got three of them."

The people who insure your racehorses can now insure your house and your family jewellery as well. Charles Hamilton is joining the board of the British Bloodstock Agency to beef up its insurance side, which started off when customers needed to insure the horses they were buying and selling. Mr Hamilton, 41, who will remain managing director of bloodstock broker Bradstock Hamilton, said: "It's like estate agents snaffling house buyers for mortgages, and then expanding into the mortgage business in its own right. We can insure the other possessions of horse owners - the farm, the wife's jewellery. We are also using the client list to sell other products." Direct Line can relax, however. There are no plans to sell insurance by phone.



'Under Sir Colin Southgate, Thorn EMI has been transformed from a many-faceted collection of underperforming also-rans into a finely tuned Formula One racer'

A Thorn takeover would be a national disgrace

Alongside pharmaceuticals and financial services, music is one of the industries Britain is meant to be good at. We may have failed in automobiles, shipbuilding, and in many other areas of heavy manufacturing, but in popular music we still reign supreme. Well, almost, anyway. Now it looks possible that our flag-carrier company in this industry, Thorn EMI, is going to succumb to a takeover bid. And in all probability, it will come from a foreign concern – Japanese (Sony), German (Bertelsmann) or American (Time Warner or Disney).

Over the past few days, Thorn's shares have soared. Normally in such circumstances, the Takeover Panel would require the company to make a formal statement, to confirm or deny a takeover approach. Silence can be taken to mean that Thorn is not aware of anything that might cause its share price to rise in this way. Even if there are no current talks, however, nobody is going to believe that this soon-to-be-demerged company is anything but one of the hottest takeover targets in town.

Does it matter if Thorn EMI is absorbed into some giant international, but foreign controlled, multimedia empire? Yes, of course it does. It matters because if those taking the decisions owe no allegiance to Britain – to its culture, institutions, economy and people – then ultimately they will act against those interests or at least in ignorance of them.

The world is a fast-shrinking and changing place. The big-is-beautiful philosophy of business is enjoying a revival and multinationals are no longer generally thought of as the force for evil they once were. Even so, in no other developed country would it be remotely possible to acquire a world beating company like Thorn EMI. It is nothing short of a national disgrace that the stock market believes it possible here.

Under Sir Colin Southgate, Thorn EMI has been transformed from a many-faceted collection of underperforming also-rans into a finely tuned Formula One racer. Following the mantra of our age – shareholder value – Sir Colin has focused the business on its core music interests. With demerger of the TV rental arm next August, the process will be complete. In so doing, however, Sir Colin has made Thorn EMI, one of the big five music companies in the world, into a sitting duck for a takeover. It is as if the company has been deliberately groomed to become part of a larger entertainment empire.

"Focus" may be the buzz word for most companies nowadays, but in media, entertainment and telecommunications it is very definitely out. Here the fashion is for "convergence", for the coming together of what in the past have been seen as very different businesses. The groupings that will succeed are those with access to the best copyright and distribution across a range of different entertainment products. Having focused his company so expertly, Sir Colin should be

given the opportunity to build his own more broadly based entertainment and publishing group – not sold down the river to the highest bidder. But don't expect either the City or the politicians to listen.

Byatt gets a second chance

The water watchdog, Ian Byatt, may have given North West Water a reprieve as far as its quality standards and handling of last summer's drought is concerned. But can he afford to be so generous when dealing with the huge savings North West plans to squeeze out of its merger with Norweb?

It was obvious from the start that the merger had more to do with financial engineering than customer service but nobody quite expected the deluge of goodies that would flow in the direction of shareholders when the dividend tap is turned full on.

North West justified the fancy price paid for Norweb on the grounds of the £95m annual savings it could wring out of the combined business, largely by shedding jobs. We now know that savings will be 40 per cent higher than that by the turn of the century, generating £500m to fund a payout which shareholders could see rising by 11 per cent in real terms a year.

Remarkably the regulators did not intervene when the deal was first concocted to redirect some of this cash to customers. Mr

Byatt was comforted by a side letter from North West, containing a woolly pledge to look after customers if savings should prove higher than forecast.

His opposite number at Offer, Professor Stephen Littlechild, was content, meanwhile, with assurances that the two regulated businesses would be ring-fenced to prevent cross-subsidies or a situation arising where customers who refused to pay their electricity bill found the water cut off. Despite United Utilities revealing the true size of the cash pile locked away in its balance sheet, the regulators have still not blinked.

It is always difficult for regulators to intervene once a price regime has been set but Mr Byatt has proved he could do it when the water industry's compensation scheme was not delivering the goods. When Hyder, the union forged by the merger of Welsh Water and Swalec, followed United Utilities' lead in the next few weeks by spelling out its cost savings, Mr Byatt has another chance to act.

US levels telecoms playing field

Merger mania in the US telecoms market is a sure sign of things to come around the world. Technological advance and commercial logic are finally being released from the shackles of national regulation, and the winner, if all turns out as expected, will be the consumer. The UK telecoms market

has already had a taste of what deregulation can bring: BT has 150 licensed competitors, including a range of cable operators whose US owners have for some years now been able to do what their own government prohibited, offer both broadcasting and telephony services. The passage of the telecoms bill in the US means the same convergence can start to occur there as well.

But much remains to be done. BT still overwhelmingly dominates the UK market, despite more than 10 years of deregulation. In Europe, the EU is pushing for the liberalisation of telephony by 1998, but some national governments continue to drag their feet. Several technical issues have yet to be resolved – notably, the right of all service providers to have fair and open access to national telecoms networks.

More crucially still, there are bottlenecks galore in the global telecommunications system, where big operators run what amounts to a cartel for international connections, akin to the agreements that govern air traffic routes. All this needs to be swept aside, allowing companies to offer their services on a basis of price and quality. Advances in technology ought to bring the price of phone calls down to next to nothing; companies will earn their money not so much through the provision of infrastructure but on tailored, consumer products and services. The sooner truly liberalised markets can be created, the faster the benefits will accrue to the end-user.

EMU under threat, says George

MICHAEL HARRISON

The launch of a single European currency in 1999 is under threat because of the recent slowdown in Europe's economies, the Governor of the Bank of England Eddie George conceded yesterday.

Speaking after a meeting in Frankfurt of the European Monetary Institute, the forerunner of the planned European Central Bank, Mr George highlighted the poor record of member states on curbing public deficits – one of the key convergence targets of the Maastricht Treaty.

This has been caused by higher than planned levels of public spending as governments in several European Union economies have been caught in the trap between lower tax revenues and burgeoning social security payments.

The EMI's annual report, published yesterday, accepts that in the large majority of the 15 EU member states, public deficits were well in excess of the levels needed to meet the criteria for a single currency.

This is certain to be seized on by critics of economic and monetary union, who argue that the drive towards a single currency will only produce more hard-

ship, unemployment and rising deficits.

The institute said structural deficits remained high in most countries as did the share of the economy taken up by the public sector.

However, the EMI said economic difficulties across Europe, caused by high interest rates, German wage settlements and slowdown in US growth, were no justification for postponing the measures needed to achieve economic convergence.

Alexandre Lamfalussy, the institute's president, said: "The present economic slowdown in Europe does not provide a justification for postponing necessary consolidation measures."

He also argued that fiscal consolidation could be achieved without causing further economic slowdown, provided the focus was on cutting public expenditure rather than raising taxes.

The institute's comments were being seen as a clarion call to supporters of EMU to redouble their efforts to sell the concept across the Union in what is likely to be a crucial year on the path to monetary union.

Under the Maastricht timetable, member states are due to decide whether to submit to a single currency by the beginning of 1998.



Two views of Europe: Eddie George (left) warned about high deficits but Alexandre Lamfalussy, the Monetary Institute's president, said the economic slowdown was no justification for postponing monetary union

The conversion rates at which individual currencies enter would then be fixed in January, 1999, effectively marking the start of the single currency.

Banknotes and coins for the single currency, the Euro, would then be introduced in January, 2002, with national banknotes ceasing to be legal tender in July that year.



The EMI said the factors which contributed to the slowdown in the second half of 1995 were likely to be temporary. It also noted that levels of consumer demand, which

had been expected to support an economic upswing, remained weak. However, it forecast a pick-up in growth in 1996, due to rising domestic demand.

Cassidy swings axe in shake-up at Liberty

TOM STEVENSON
City Editor

Denis Cassidy, the former British Home Stores and Boddington chief, swung the axe yesterday at Liberty, the prestige department store and fabrics group. Nine months after taking over as chairman, he saw off chief executive Patrick Austen and three other board members, promised lower profits for the year to January and a radical restructuring of the group, and warned that the dividend would be passed.

Mr Austen, who took over as chief executive in April 1993, was employed on a three-year contract on a salary of £192,000 last year. The terms of a severance payment have been finalised but Mr Cassidy was not prepared to disclose the amount of compensation, save that it would be less than Mr Austen's full contractual entitlement.

His replacement will be Ian Thomson, former head of Sears' British Shoe subsidiary and with 16 years experience of retailing in South Africa.

Liberty, which started life as a family-owned business in 1875, warned that profits before tax and exceptional items would not amount to more than £2.1m for the year to January, compared with £3.6m in the previous period. The size of a proposed "substantial" excep-

tional charge to cover the reorganisation of the group remained under wraps.

Mr Cassidy said the review, which has yet to be finalised, would aim at revitalising the Liberty brand internationally and at developing the retailing format at the group's flagship store on Regent Street.

The abrupt departure of Mr Austen suggests a deterioration in relations since he welcomed Mr Cassidy to the group nine months ago, saying: "Clearly he will be part-time as he has other responsibilities. He will have authority within the company, but he is not going to be running the company or any of its divisions."

In fact Mr Cassidy has taken a tight grip on the running of Liberty, with the resignation from the board yesterday of three directors, Tony Salem, John Pugh, and John Laffin, all of whom will, however, retain responsibility for former areas of control: retailing, finance and furnishings and fabrics.

There was no real surprise in the City, where Liberty's thinly traded shares closed only 3p lower at 303p.

The cut in the final dividend means the interim payment of 1.85p will be the total for the year against last year's 7.2p payout. It had been held at that level since 1992, despite a steady decline in the group's profits.

National Lottery knocks Littlewoods profits

RUSSELL HOTTEN

The National Lottery hit profits at the pools and retail group Littlewoods, which yesterday warned that the company had yet to feel the full effect of Britain's favourite gambling pastime.

Annual profits at Littlewoods fell from £116m to £97.3m, capping a controversial year in which the UK's largest private company was embroiled

in boardroom turmoil and takeover speculation.

Littlewoods, two years into a five-year restructuring plan, dampened suggestions that more executives were about to leave the company, saying that it was now performing strongly.

Although plans to introduce a mid-week National Lottery would hit the company, other business would see a trading improvement, Littlewoods said. "With a bit of luck, the good

should outweigh the bad," said Bill Huntley, chief executive. "I would like to think that 1995 is the point from which we grow."

The National Lottery knocked 26.8 per cent off Littlewoods' pool sales, which totalled £623m in 1995. Operating profits slipped to £23.7m from £26.3m. Mr Huntley said that Littlewoods, owned by the secretive Moores family, had settled its differences and was confident that

the existing management could carry the company forward.

Littlewoods' Home Shopping mail-order business increased its market share and sales but was hit by a sharp rise in bad debts. Operating profits at the division slipped to £60.7m from £73.9m. The company's Index catalogue business saw operating losses almost static at £7.3m against £7m in 1994, although sales rose 9.5 per cent.

Littlewoods said it now has 20,000 outlets for its scratch-cards and weekly turnover of around £1m, which the company admitted was small compared with the National Lottery scratchcard operation. But Mr Huntley said the operation was "profitable".

Littlewoods' current year-on-year retail trading was four per cent up in the period since the company's year end, with sales at Index up 20 per cent.

The results included a £32.2m charge, which will offset the cost in part of Littlewoods' negotiating out of some of its concessions contracts.

The company dropped its tobacco concessions last year and some of its current concessions with retail group Iceland will be dropped this year. The extra space would be used by Littlewoods to expand its Berkertex own-label clothing brand.

IN BRIEF

• **Berkshire Hathaway**, the investment vehicle of veteran investor Warren Buffett, is selling a new class of shares with a difference. These come with a health warning from the great man himself. Filings with America's Securities and Exchange Commission for the \$112m offering say neither Mr Buffett nor vice-chairman the Charles Munger would currently buy shares in Berkshire at the current price. "Nor would we recommend that their families or friends do so." The proposal to sell an initial tranche of 100,000 B shares at a third of the current price of around \$34,000 a share is seen as a way of pre-empting plans by other companies to launch so-called "unit investment trusts". These would allow small investors to take a stake in Berkshire without putting up the full price of a share.

• **Ciba**, the Swiss chemicals group in the midst of a merger with rivals Sandoz, is to sell its Mettler Toledo weighing and analytical instruments division for \$91.9m (£50.4m). The sale to AEA Instruments of the US means that plans to float Mettler Toledo in Investors of the US means that plans to float Mettler Toledo in Switzerland have been abandoned. The division, which had sales of over \$1.1bn last year, will retain its existing management. AEA is one of the oldest private investment companies in the US. Its shareholders include 50 current or former heads of major international companies and institutions.

• **The High Court** in London has given liquidators of the collapsed Bank of Credit and Commerce International until 26 April to prove its compensation claims against the Bank of England. To prove its compensation claims against the Bank of England, the Accountants Deloitte & Touche said they must show that the UK's banking regulator "deliberately and knowingly" breached its obligations in licensing BCCI and that it knew its depositors would probably suffer loss as a result.

• **British Rail's Network Train Engineering Services** has been sold to WS Atkins Consultants. The company, the last of BR's three railway engineering services companies to move into the private sector, offers specialist engineering consultancy services to the traction and rolling stock industry. The business employs about 120 people at Derby, Euston and Croydon.

Green light for £200m centre

TOM STEVENSON
City Editor

A £200m shopping centre development in the heart of London is set to go ahead after it emerged yesterday that Elliott Bernerd's Chelsfield property company has succeeded in its bid to take control of a controversial 37-acre site in White City, writes Tom Stevenson.

The site, larger than Brent Cross in the north of the capital with 5,000 parking spaces, could be worth up to £300m on completion, analysts believe.

Chelsfield has been working for several months on plans to iron out the problems that had dogged the site for years. With part of the site owned by Godfrey Bradman, the former Rosehaugh boss, and planning permission in the hands of Sainsbury's, proposals to develop it appeared to have run into the sand.

Mr Bernerd succeeded, however, in persuading a range of interested parties, including big institutional funds such as Gen-

eral Accident and Scottish Amicable, to sell out or go along with Chelsfield's proposals. The balance of power shifted last September when the property company acquired the Vanderbilt Racquet Club, which occupied part of the site, gaining a place at the negotiating table.

A lease has already been signed by Sainsbury's, which has pre-committed to take 77,500 sq ft of the development for a superstore.

Discussions are also under way with the local planning authority, Hammersmith & Fulham, to agree a detailed planning consent as soon as possible. Once that comes through, construction is expected to begin in the early part of next year with completion before the year 2000.

Chelsfield already owns 90 per cent of the Merry Hill shopping centre in the West Midlands, where rising rents helped it buck the recent trend in the property market with a 6 per cent rise in net assets in the year to December to 190.2p.

German rules put Rover in red

Rover Group's £91m profit, revealed last month, became a £148m loss yesterday as owner BMW highlighted the difference between UK and German accounting rules, writes Russell Hotten.

BMW said its UK division had sunk into the red, after making a £16m profit in 1994, because Germany's conservative accounting methods meant higher investment and depreciation costs were included. Two weeks ago Rover announced that under UK accounting its profits had risen to £91m from £83m.

A spokesman said BMW, which paid British Aerospace £529m for Rover two years ago, had lifted its investment in the division by 30 per cent to more than £500m in 1995.

"The depreciation charges are purely as a result of the high level of capital investment which is itself a measure of BMW's confidence in the company," he said.

That planned investment is expected to continue for the rest

of the decade with an expected £2bn being spent on upgrading facilities, a new engine plant, and launching new models.

Rover's sales revenue had risen to £5.6bn from £4.9bn, while car production rose 4.8 per cent to 501,300 vehicles, BMW said. Sales for the group as a whole rose 2 per cent to DM11.5bn (£5.18bn) in the first three months of 1996. Production during the same period fell 6 per cent to 284,900 units while car deliveries to customers slipped one per cent to 265,200 units.

Production at Rover fell 3 per cent in the first quarter to 132,400 units. "For 1996 as a whole, we expect an increase over 1995 in production and sales for both BMW and Rover," Bernd Pieschetsrieder, BMW's chairman, said yesterday.

In 1995, BMW group car production totalled 1,098,582 vehicles, with the Rover unit showing a rise in production of 34.1 per cent. BMW previously reported group net profit down slightly to DM697m in 1995 from DM697m a year earlier.

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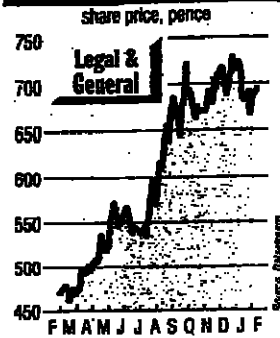
Thorn sparks renewed interest in takeover favourites

TAKING STOCK

DATA BANK

FT-SE 100
3,728.5 + 10.1
FT-SE 250
4,348.7 + 21.8
FT-SE 350
1,877.2 + 6.0
SEAQ VOLUME
931.3m shares,
54,217 bargains
Gifts Index
92.53 +0.24

SHARE SPOTLIGHT



The excitement over Thorn EMI, which sent the shares spinning 140p higher to 1,843p, prompted stock market speculators to scamp for other takeover favourites. Even United Biscuits, a perennial candidate, was taken down, dusted and pressed into service by investors seeking a likely target.

The Thorn adventure caught the market on the hop. After trading moderately higher the shares suddenly took off as punters piled in on stories of a deal today.

Sony of Japan was the favourite to pounce. Time Warner of the US and Seagram, the Canadian drinks giant with showbiz interests, were other names in the frame. Rumoured bid price was £23.

The story Thorn would sell its music side, thereby removing the need for the demerger, continued to circulate and there was also talk of an assets

exchange with Rank Organisation.

Rumours of Thorn action have circulated for a long time. It was after intensive market speculation that the group decided to demerge its music and rental operations. But the run-up to the split, due in June, has left it vulnerable to a bid. And with few Thorn shareholders likely to sell ahead of what should be a rewarding demerger the group is at the mercy of speculators.

Those who felt they had missed the Thorn boat were again happy to bank on Zeneca, another 15p up at 1,403p; Bank of Scotland (5p at 247.5p) and a number of insurance groups.

Some alighted on UB, 351p a year ago. The shares gained 7p to 241p. It has had a dreadful time and trading is likely to remain tough. UB looks a sitting duck for a bid but a buyer would inherit many problems.

MARKET REPORT

DEREK PAIN

Stock market reporter of the year



Insurers were helped by analytical activity with Société Générale Strauss Turnbull favouring General Accident, GRE and United Friendly and NatWest Securities picking Legal & General, up 6p to 692p. NatWest regards L&G as a buy up to 750p.

The sector is, however, prone to take overtalk. There are persistent stories of strikes with the likes of National Westminster Bank, as well as Continental insurers, said to be circling.

Metals group Johnson Matthey, which nearly merged with Cookson, was at one time up 6p on bid talk but closed only 1p higher at 586p.

BET, struggling to resist the Rentokil bid, was little changed at 204p. There were suggestions M&G was pressing the group to try to agree a deal with Rentokil.

BT and Cable & Wireless suffered a bout of nerves with BT off 7p at 375.5p and Cable 9p at 529p.

The FT-SE 100 index ended a mixed session 10.1 points higher at 3,728.5 with the supporting FT-SE 250 index stretching to another peak, up 21.8 to 4,348.7.

Option-trading lifted British Gas 7.5p to 235.5p and Rolls Royce 21p to 217p on SBC Warburg support and a Japanese engine order.

Vodafone pushed ahead 6.5p to 255.5p still celebrating its 3 millionth subscriber. It was also helped by a fall in the cost of handsets. Orange, with Kleinwort Benson saying buy, recovered 8.5p to 234p.

BSkyB fell 13p to 438p with NatWest suggesting an £80m downgrading would be needed if the satellite television group lost its Premiership TV rights. Ulster TV gave up 40p to 1,340p as Pamure Gordon cut its forecast.

Oils were firm as the crude price continued to move ahead. Shell gained 7p to 847p.

T&N, the car components group, fell 4p to 168p; it has lost an asbestos damages appeal. Zetefams, a chemical group, tumbled 60p to 279p following a profit warning.

Astec (BSR), the Hong Kong-based electrical group, gained 7p to 137.5p. Investment presentations by its near-50 per cent shareholder

Emerson Electric sparked the interest. Persistent takeover hopes and strong trading have lifted the shares from an 8p low in 1991.

On the electricity pitch London managed the most powerful display, up 17p at 763p on vague talk of a bid.

Thames Water, up 2p at 574p, was mentioned as a possible predator.

Systems Integrated Research, an educational software group placed by Durlacher at 115p, closed at 128p. But EasyNet, the Internet group which touched 130p on its flotation last week, moved 3p lower to 105p, just 5p below its issue price.

Magnum Power, providing continuous power for computers, improved 13p to 151p. It raised £1.5m through a placing at 140p by Henry Cooke Lumsden. An upbeat trading statement accompanied the exercise.

□ Dicom, a document image processing group, is expected to be the next AIM star. The shares were placed at 270p and there is talk they could hit 320p when dealings get under way today. In December the group announced profits of £2m.

□ J Bibby, the material handling to laboratory equipment group controlled by Barlow of South Africa, firmed to 120p. It is trading well and should demonstrate another strong profit advance when it reports interim figures next month. Bibby shares were down to 49p two years ago.

□ Shares of Bardon, the aggregates group, traded busily, reviving suggestions that the rumoured Canas takeover bid was on track. The shares rose 1.75p to 38.5p.

Alcoholic Beverages									
Guinness	100	100	100	100	100	100	100	100	100
Heavenly Bodies	100	100	100	100	100	100	100	100	100
...
Banks, Merchant									
Barclays	100	100	100	100	100	100	100	100	100
HSBC	100	100	100	100	100	100	100	100	100
...
Banks, Retail									
Bank of Scotland	100	100	100	100	100	100	100	100	100
...
Engineering Vehicles									
...
Diversified Industrials									
...
Breweries, Pubs & Rest									
...
Building Construction									
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Food Manufacturers									
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Electronics									
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Pharmaceuticals									
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Investment Companies									
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Leisure & Hotels									
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Health Care									
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Household Goods									
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Chemicals									
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Distributors									
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Insurance									
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International									
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Never mind the gonads...

Investment Trusts									
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Life Assurance									
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Media									
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Government Securities									
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Index-linked									
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Short									
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Medium									
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Long									
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Share Price Data									
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The Independent Index									
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Market leaders: Top 20 volumes									
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FT-SE 100 index hour by hour									
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Telecommunications									
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Retailers, Food									
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Transport									
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Water									
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Rights Issues									
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Recent Issues									
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20

MoD delays Devonport decision

announcement had been delayed because of the pressure of government business, and it tatters and accused the Government of playing politics with people's jobs.

announcement had been delayed because of the pressure of government business, and it was possible that a statement may be made today.

David Clark, shadow defence secretary, said: "Ideology has completely taken over and chaos reigns. It is now really a question of how to maintain morale at the yards."

slowly concentrate all other nuclear submarine maintenance there, was thrown in doubt last year. The Government revealed that Rosyth might have to be given the re-fit work because of extensive modifications needed at the Devonport nuclear docks.

Although the MoD said Devonport would be awarded a huge contract to upgrade its facilities, there was no news of the expected sale of the yard to a US-led consortium. The yard has been chosen to re-fit Trident nuclear submarines, but critics say it can be done more cheaply at Rosyth, in Scotland.

Current management contracts for both yards, which were due to expire on Friday, have been extended. Labour said the MoD's plans were in

Jack Dromey, national secretary of the Transport and General Workers' Union, added: "This is the long-awaited announcement that never was. Clarity was promised, but confusion reigns."

A 1993 decision to award a £5bn Trident submarine re-fit contract to Devonport, and

Now the MoD has awarded Devonport with a further £300m-£350m contract to carry out the necessary docks conversion work. The contract is about £100m more than has been expected. James Arbuthnot, defence procurement minister, said the MoD had signed an outline agreement with DMI for the sale.

● **Hickson International** has plunged from profits of £19.2m to a £43.3m loss in 1995. The restructuring initiated by new chairman James Hann cost £20.3m, £7.5m higher than expected in November's profits warning due to the costs of renegotiating borrowing facilities after Hickson breached an interest cover covenant.

• **Zotefoams** warned that a stock overhang at its largest customer would hit first half profits. The shares crashed 60p to 279p. Analysis downgraded profit forecasts for this year and next by around £1m, taking them to around £7.5m for 1996 and £9.5m for 1997.

• **Cliveden**, the Berkshire hotel and country club owner, which also owns a 25 bedroom hotel in London, priced its forthcoming flotation at 73p a share yesterday, putting a £24.7m value on the whole company. Dealings are expected to begin on April 11. Cliveden plans to raise £7.4m from the float, which follows the recent market debut of Macdonald Hotels and precedes the upcoming listing of Millenium & Conthorne Hotels.

• **Waterford Wedgwood** announced record profit before tax of IR£28.1m in 1995, the third successive year of profit growth and a period described by chairman **Tony O'Reilly** as "an important milestone on the road to excellence in global branding". Sales of Waterford and Wedgwood products rose 13 and 14 per cent respectively.

	Turnover	Pre-tax	EPS	Dividend
CSA Group (F)	606.4m (54.54m)	5.68m (5.35m)	7.05m (8.71p)	2.16p (+)
CJA Holdings (F)	827.1m (244.54m)	8.28m (12.24m)	6.67p (5.75p)	2.59p (+42p)
Continental Motors (F)	297.4m (227.5m)	1.5m (4.09m)	1.44m (11.40p)	+7.7p (8.70p)
GSE International (F)	57.1m (38.47m)	1.7m (1.33m)	2.70p (2.72p)	1.50p (1.50p)
Gompage (F)	60.8m (60.3m)	61.00m (42.00m)	6.65p (4.97p)	2.75p (2.25p)
James Watson (F)	38.1m (35.7m)	4.96m (4.74m)	10.80p (10.49p)	3.25p (3.30p)
Hickam Ltd (F)	413.3m (414.0m)	43.3m (43.3m)	5.50p (5.48p)	8.47p (8.9p)
Highland Distillers (F)	101.1m (106.1m)	22.22m (22.20m)	12.0p (12.60p)	2.15p (2.10p)
Innovative Space (SP)	97.65m (74.2m)	8.88m (7.12m)	13.20p (11.40p)	48.8p (50.8p)
JJA Holdings (F)	124.6m (90.6m)	6.71m (6.13m)	16.31p (12.13p)	3.40p (3.40p)
DKS Stores (F)	182.0m (57.1m)	9.87m (8.33m)	11.54p (11.52p)	3.33p (+)
School (F)	207.1m (186.5m)	12.07m (12.30p)	13.0p (4.1p)	7p (6.4p)
Tarmac (F)	2.488m (2.517m)	20.3m (107.2m)	0.3p (7.8p)	5.5p (5.5p)
United Friendly (F)	- (-)	128.3m (32.3m)	111.9p (-35.2p)	24.8p (20p)
Waterford Greenbank (F)	95.84m (5.75m)	628.1m (20.0p)	5.37p (6.23p)	3.7p (3.4p)
Wetherford Woodgrove (F)	34.94m (32.02m)	8.26m (6.25m)	8.33p (7.10p)	17.2p (+)
Wells Backs Source (F)	104.8m (66.3m)	11.25m (9.82m)	31.7p (27.9p)	15.2p (13.5p)
Y - Fiscal (F) - Interm	00 - Nine months			

Starling	Dollar			D-Mark		
Country	Spot	1 month	3 months	Spot	1 month	3 months
USA	15243	9.7	22.9	1000	—	0.749
Canada	20668	11.1	17.4	1358	2.1	0.818
UK	22587	55.48	157.47	1688	26.25	80.76
Germany	76965	100.18	371.340	50492	64.57	164.154
France	13845	75.90	221.246	15644	57.64	170.132
Italy	26370	75.70	225.278	17040	45.44	138.133
Japan	15243	10.7	41.40	12558	7.6	22.25
Belgium	48404	75.24	249.34	58.68	17.25	20.174
Denmark	8.775	35.95	45.37	12580	60.40	75.125
Netherlands	25281	63.54	189.175	15572	32.28	96.91
Ireland	6.968	9.5	25.20	1579	3.6	8.10
Norway	9.7884	16.65	33.233	6426	42.17	110.40
Sweden	1859	10.61	17.34	25.36	17.25	34.922
Switzerland	10.85	9.5	23.34	6898	98.123	260.310
Australia	19687	68.60	67.165	1932	38.35	111.05
South Africa	15473	20.31	57.85	12775	19.21	54.56
Hong Kong	17788	10.61	224.70	77335	2.12	6.35
China	36524	—	—	23.53	1.14	5.290
Taiwan	12298	45.57	—	30.25	—	0.920
Saudi Arabia	5.7772	—	—	37.507	2.7	15.312
Singapore	21421	0.0	—	14053	4.30	93.88

Country	Sterling	Dollar	Country	Sterling	Dollar
Argentina	15243	0.9857	Nigeria	126.953	833.000
Australia	153622	0.9873	Oman	15570	0.9857
Bahamas	153622	0.9873	Pakistan	92.5635	344.655
Bangladesh	12.7075	8.3398	Philippines	38.9965	26.2300
Belgium	5.910	3.4066	Portugal	233.233	153.070
Finland	70.694	4.6593	Qatar	5.5497	36.420
Ghana	239.919	167.500	Russia	74.102	488.001
Greece	367.019	240.700	South Africa	6.762	40.075
India	57.670	33.9500	Taiwan	41.673	27.6700
Indonesia	0.1465	0.2294	UAE	5.8008	36.730
Japan					

Forward rates quoted high to low are at a discount; subtract from spot rate
 Dollar rates quoted low to high are at a premium; add to spot rate

Dollar rates quoted as reciprocals.

For the latest foreign exchange rates call 0891 123 3033.

Interest Rates							
UK		Germany		US		Japan	
Base	6.00%	Discount	3.00%	Prime	8.75%	Discount	0.50%
France		Lombard	5.00%	Discount	5.00%	Belgium	
Intervention	3.80%	Canada		Fed Funds	5.25%	Discount	3.00%
Italy		Prime	7.00%	Spain		Central	3.30%
Discount	9.00%	Discount	5.50%	10-Day Repo	8.05%	Switzerland	
Netherlands		Denmark		Sweden		Discount	1.50%
Advances	3.00%	Discount	3.75%	Repo (Ave)	7.50%	Lombard	4.125%

Country	5yr	yield %	10yr	yield %	Country	5yr	yield %	10yr	yield %
UK	8.00%	7.40	8.1%	8.01	Netherlands	9%	533	6%	633
US	5.1%	6.01	5.4%	6.26	Spain	10.1%	900	10.6%	954
Japan	6.4%	1.83	31%	3.05	Italy	10.1%	1026	11.1%	1070
Australia	8.1%	8.46	10%	8.72	Belgium	7.1%	543	6.1%	665
Germany	5.1%	5.35	6%	6.34	Sweden	11%	785	6%	8.45
France	5.1%	5.68	7.1%	6.50	ECU DMT	8.1%	609	7.1%	6.96

Yields calculated on total basis

1196 benchmark

	O'night	7 Day	1 Month	3	6 Months	1 Year
Interbank	4% 6%	5% 6	5% 6%	6% 6%	6% 6%	6% 6%
Starting CDs	-	-	5%	6%	6%	6%
Local Authority Deps	5%	5%	6%	6%	6%	6%
Discount Market Deps	5%	5%	-	-	-	-
Treasury Bills (Buy)	-	-	6%	5%	-	-
Dollar CDs	-	-	5%	5%	5.2%	5.4%
ECU Linked Dep	-	-	4% 4 1/2%	4% 4 1/2%	4% 4 1/2%	4% 4 1/2%

£ Buys		£ Buys		£ Buys	
Australia(Dollars)	18830	France(France)	74330	New Zealand(Dollars)	21675
Austria(Schillings)	52700	Germany(Marks)	21880	Norway(Kroner)	95300
Belgium(France)	448800	Greece(Drachmas)	358800	Portugal(Escudos)	2270000
Canada(Dollars)	20130	Hong Kong	116580	Spain(Pesetas)	1827000
Cyprus(Pounds)	06875	Ireland(Punts)	09400	Sweden(Kronor)	99650
Denmark(Kr.)	84800	Italy(Lira)	2344000	Switzerland(Francs)	17530
Holland(Guilders)	24500	Japan(Yen)	167500	Turkey(Lira)	99600000
Finland(Marks)	69850	Malaya(R.)	05375	United States(Dollars)	14300

Contract	Settlement price	High/Low for day		EstConfs traded	Open Interests
Long Gilt (Jun 95)	105.20	105.25	105.03	35845	129426
German Bond (Jun 95)	96.35	97.02	96.62	16738	22375
J.G.Bond (Jun 95)	92.80	92.32	92.05	3157	0
Italian Bond					
3M Sterling (Jun 95)	93.55	93.95	93.93	5442	78594
(Sep 95)	93.78	93.79	93.76	4955	59005
2M Eurobond	94.75	94.75	94.75	105	23557

Euro Sfr	(Sep 96)	95.47	95.47	95.45	275	3536
FT-SE 100	(Jun 96)	98.30	98.33	98.30	2030	28083
FT-SE 250	(Jun 96)	37360		374		
EuroItra						

Life FT-SE Index Option						
Settlement price: 3725.0		closing offer price			Call/Put	
Series	3650	3700	3750	3800	Total/Volume	

Jun	136/52	104/71	76/53	53/120	--
Jul	159/71	128/50	101/115	78/140	--

Energy					
	Brent Crude \$ 530ppm	(\$/barrel) "chg Yr ago	Gas oil (\$/tonne) FE close "chg	WTI 6pm	Products † Spot Cf NW Europe (\$/tonne)
May	20.00	+0.30 16.56	Apr 188.25 +5.59	May 2235	Landed Gasoline 209/21
Jun	18.82	+0.22 16.96	May 176.00 +3.75	Jun 2070	Naphtha 182/18
Jul	18.07	+0.77 16.53	Jun 188.50 +3.26	July 1975	EC Gasoil 163/16

Commodity Indices				GCST Indices			
	Base date	%Chg	%Chg Day	31 Dec	%Chg YTD	Year	%Chg Yr
Index	1970=100	209.25	+1.25	203.50	+2.63	178.06	+1.68
Agricultural	1970=100	296.20	+1.41	291.75	+4.77	240.57	+22.56
Energy	1963=100	73.40	+1.48	71.31	+2.53	60.96	+20.96
Industrial Metals	1977=100	167.83	-1.01	193.32	-2.84	326.50	-1.90
Livestock	1970=100	166.81	+1.68	162.71	+2.24	166.93	+7.90
Precious Metals	1973=100	503.46	-0.09	489.86	+2.78	503.29	+1.03

Source: Goldman Sachs & Co. (882) is a registered and member of the Securities, Futures & Commodities Commission of April 1991

	\$/lbm	Cash	3 mths	Volume	UME Stocks	chg
Aluminum HG	16365-375		1967-68	65777	748926	+ 7875
Aluminum Alloy	1380-90		1420-25	1401	86300	+ 1260
Copper A	25915-175		2506-10	62916	316916	- 2650
Lead	731-83		783-83.5	1101	91750	+ 800
Nickel	879-25		8216-20	1870	34806	- 108
Tin	6416-25		6450-60	4815	9150	- 25
Zinc	1061-152		1075-76	24378	623850	+ 950

Precious Metals				Spirit & Son				
per fix fee	\$	£	Coins	\$	£	\$	£	
Platinum	40500	26580	Britannia	410	269	Kruggerande	386/98	253/81
Palladium	14050	9210	Britannia.5 oz	204	134	Sows	90/95	59/82
Silver spot	553	362	Britannia.25 oz	102	67	Noobles	398/412	261/71
Gold Bulln	394	258.66	Britannia.10 oz	52	34	Maple Leaf	396/410	260/69

COBOL	LCE	\$/tonne	Freight	LCE	\$/tonne	LCE	\$/tonne	AAA	Gct/100kg
Mar 972	May	1848	Mar	12550	Apr	16750	Apr	210	
May 982	May	1814	May	10775	May	16900	May	22.5	
July 1008	July	1812	Sept	10890	Jun	22500	Jun	24.8	
Vol: 15,601	Vol:	5,707	Vol:	131	Vol:	31	Vol:	789	
White Sugar	Freight		Wheat		Corn				
LCE	\$/tonne	LCE \$/100kg, pt	LCE	\$/tonne	CBOT	Ceres/bushel			
Mar 402.00	Mar	1460	Mar	125.45		H-L	Sent		

Vol.	3,663	Index	1448	Vol.	397	Jul	348.75	345.50	348.75
Other Softs									
Mar	Maize (No.3)	\$/tonne	1485	Apr	Soyas Oil	FL/100kg	92.0		
Apr/May	Copra (1)	\$/tonne	1720	Mar/Apr	Coconut Oil (1)	\$/tonne	736.0		
May	Cotton (NY)	UScent/lb	8455	April	Sunflower Ole	\$/tonne	578.0		
Apr	Wool	Acent/kg	6860	April	Repared OBEF	\$/tonne	903.0		
Apr	Rubber*	Mcent/tg	3840	Apr/May	Groundnut Oil	\$/tonne	906.0		

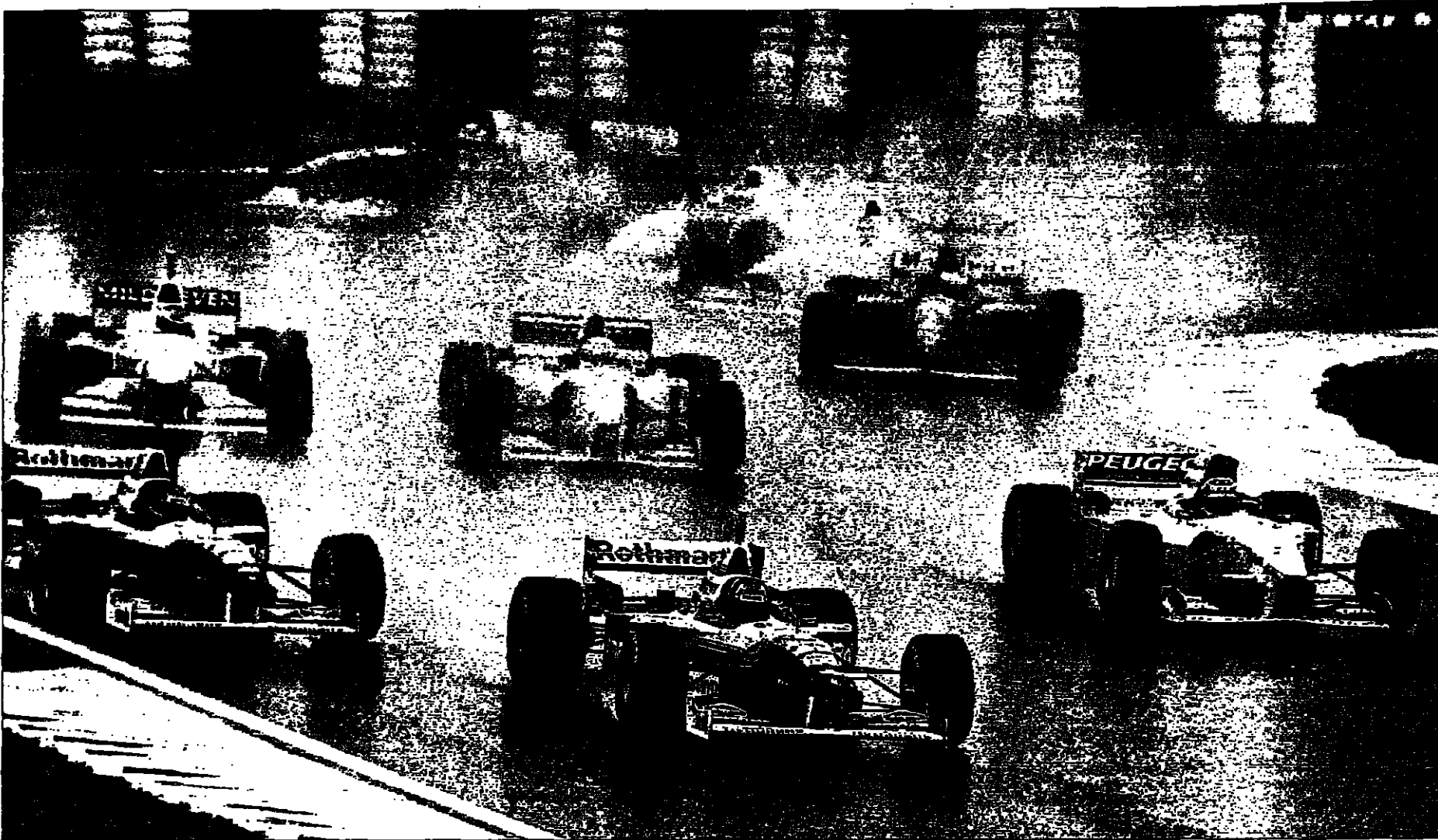
*Dried; 100% C.R., new crop - 100% Indonesia; *Mestery *** Futures Basis: FT Information Bureau.

[illegible]

1 RACING

THE INDEPENDENT

PLAY FORMULA 1 DREAM TEAM



Grand Prix Shopping List

POINTS SCORED

DRIVERS	POINTS	POINTS
£25m		
1 M Schumacher	17	20
£23m		
2 J Alesi	20	21
3 D Hill	30	57
£20m		
4 G Berger	-1	24
£18m		
5 D Coulthard	0	-2
6 E Irvine	3	18
7 J Villeneuve	5	36
£13m		
8 M Hakkinen	20	32
9 H H Frenzen	5	8
£10m		
10 M Brundle	6	1
11 R Barrichello	8	7
12 J Herbert	0	0
£8m		
13 M Salo	18	33
14 P Lamy	8	8
£4m		
15 P Diniz	14	24
16 U Katayama	7	11
17 J Verstappen	-4	-7
18 O Panis	20	24
£3m		
19 L Badoer	8	6
20 R Rosset	-3	6
21 A Montermini	-2	-4
£2m		
22 G Fisichella	0	0
23 V Sospiri	0	0
24 T Marques	-5	-5
25 F Lagorce	0	0
26 H Noda	0	0
27 T Inoue	0	0
£1m		
28 M Blundell	0	0
29 J-C Boullion	0	0
30 K Brack	0	0
31 K Burt	0	0
32 E Collard	0	0
33 N Fontana	0	0
34 D Franchitti	0	0
35 N Larini	0	0
36 J Magnussen	0	0
37 A Prost	0	0
38 G Tarquini	0	0
39 K Wendlinger	0	0

The latest scores and results

There was only one driver to have in your team at Interlagos: Damon Hill. Pole position, fastest lap and race win, a totally dominant performance, and one of great maturity and bravery. At £23m, Damon doesn't come cheap, but right now he's streets ahead of the opposition. Jacques Villeneuve's performance in Melbourne made him look a bargain at £18m, but perhaps his inexperience showed in Interlagos. It's a tricky, bumpy track, all the more fiendish in the wet, and Jacques was fooled into a spin by the wily Alesi.

Benetton's French-Sicilian was the only driver in the same league – and on the same lap – as Hill, bringing his Dream Team score to a respectable level after the embarrassment of Melbourne. This time it was his team-mate Gerhard

Berger's turn to suffer – early retirement means a minus score, and Benetton still have a way to go to catch up Williams.

Michael Schumacher at least managed to make it to the finish this time, but he looks poor value for his £25m Dream Team salary. His Ferrari team-mate Eddie Irvine was almost anonymous in Interlagos, and the scarlet cars obviously need development. Asked where the team were losing time to Williams, Schumacher responded despondently: "Everywhere."

Pedro Diniz is rapidly becoming the bargain buy of the season. His speed will always be impaired by the weight of his wallet, but Pedro trundles happily round at the tail of the field picking up places as other drivers fall off: he will score

DRIVER OF THE DAY: Rubens Barrichello

The young Brazilian Jordan-Peugeot driver kept the Brazilian Grand Prix alive with his frenzied pursuit of Michael Schumacher and third place. The 22-year-old from Sao Paulo was burdened with the mantle of "the next Senna" too early in his career, but now he is beginning to add maturity to his raw speed. His performance in qualifying was superb, using his local knowledge to great ad-



vantage to line up alongside Damon Hill on the front row. But it was the audacity of his race driving that really impressed, constantly harrying more experienced drivers in the quest for a podium place at his home Grand Prix. Sadly he was too audacious in the end and fell off the track, but he had entertained nearly all day, and was well worth his five Dream Team points.

a bucketload more points this season. The bulk of these will come in the "most improved" category, as Diniz tends to qualify low on the grid and finishes relatively high in the field. Anyone thinking of entering the competition this week

should put Pedro on their list. The other bargain-basement high-achievers were Diniz's Ligier team-mate Olivier Panis, and Tyrrell's Flying Finn Mika Salo. Black mark of the day went to Minardi's Grand Prix debutant Tarso Mar-

ques, who spun off on the first lap. Minus five points, and a very red face, but you have to feel sorry for him: starting your first Grand Prix on a flooded track cannot be easy.



WIN a drive in a Grand Prix car

The Dream Team manager with the highest number of points at the end of the Grand Prix Championship season will win our top prize - a drive in a 650bhp F1 car.

You will be flown to the AGS team's training

school in the south of France for the most exhilarating experience of your life. The school specialises in F1 courses and provides all the racewear and instruction you will need for a day driving F1 and other single seat cars.

Top 50 Dream Teams

All teams are in equal 1st position with 131 points.

1 Bighill Racing	19 Fox's Flyers	36 The Puerto Rico Team
2 Fru-Fru People 6	20 Nick's Nitros	
3 The Spoilers	21 Mark's Merry Men	37 Dodds 2
4 Karvey Team Racing	22 Visa F1	38 Boy Racer's Blues
5 BJ Werbangers	23 Team Mac	39 Mug Chanders
Racing Team	24 The Tarmac Eaters	40 Mortal Combat
6 Goody Gum Drops	25 Spoer Heity	41 The Day Stormers
7 The Williton After Burners	26 Slipstream	42 The Pace Setters
8 Herbert Grand Prix Team 1	27 Hills Angels	43 Curtis Cruisers
9 Louf's Fan Club	28 Peter's Perfect First	44 Ocean
10 Chapman's Chargers	29 Formula Feel Good	45 Simon's Perfect Pitstop
11 Tyrrells Tyrants	30 Hipala Team Racing	46 Hot Dogs
12 Prolapse Racing	31 Blue Healers	47 The Wiggly Wagglies
13 Morgan's Team	32 Driving Force Racing	48 Brad's Blazers
14 Come On Dad	33 Rileys Radicals	49 PDA Racing
15 Schuey's Shadow	34 Apricorn Fun House	50 Martin
16 PJW Racing	35 No More Excuses Grand Prix	
17 Allegro Racers		
18 Eagles		

CHASSIS

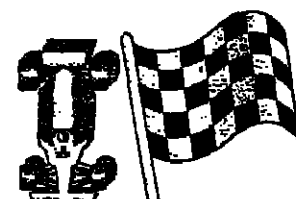
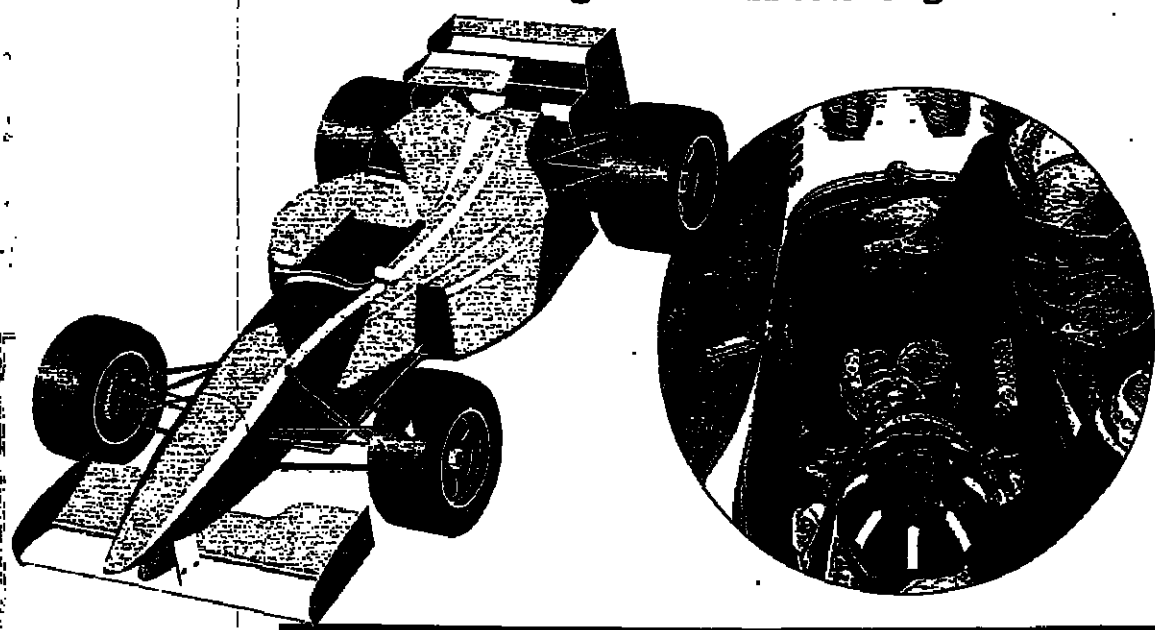
£20m		
40 Benetton	14	24
41 Williams	19	39
£18m		
42 Ferrari	14	30
£15m		
43 McLaren	13	24
£14m		
44 Sauber	0	0
45 Jordan	0	-5
£10m		
46 Ligier	11	22
£6m		
47 Tyrrell	12	24
£5m		
48 Arrows	-4	-7
£3m		
49 Minardi	-5	-6
£1m		
50 Forti	-3	-3

ENGINES

£26m		
51 Renault	20	40
£18m		
52 Ferrari	16	32
£15m		
53 Mercedes	14	28
£12m		
54 Peugeot	0	0
£10m		
55 Mugen	12	24
£8m		
56 Ford V10	0	11
£6m		
57 Yamaha	13	26
£4m		
58 Hart	0	0
£3m		
59 Ford Zetec V8	0	0
£2m		
60 Ford ED V8	11	11

JOIN 21,000 READERS WHO ARE PLAYING FORMULA 1 DREAM TEAM

See Thursday's and Friday's paper on how to register for the Argentinian Grand Prix on 7 April



Natio

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HAMILTON
LUNOW
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sport



Losing start: Roger Clemens in action for the Boston Red Sox in their opening American League game against the Texas Rangers in Arlington. The veteran pitcher was relieved after giving up four runs in five innings and the Rangers went on to win 5-3. Photograph: Eric Gay/AP

Greeks travel in hope of upset

Football

Panathinaikos will pull off the biggest upset of the European season if they manage to derail Ajax's European Cup defence at the semi-final stage.

The Greeks go to Amsterdam for the first leg of the semi-final to take on Ajax, who are in prime form and bidding to extend a record 19-game unbeaten run in the continent's premier competition.

The Dutch league leaders have only lost once in six appearances in the semi-finals, going down 2-1 to the eventual winners, Nottingham Forest, in 1980.

Panathinaikos's Argentinian coach, Juan Ramon Rocha, was encouraged by his side's 3-0 victory over Legia Warsaw in Athens to reach the last four, having gained a 0-0 draw in Arctic conditions in Poland. "We know we are facing the best team in the world but regardless of this, who knows, we may have a rendezvous with history and beat the odds," Rocha said.

Panathinaikos, who head the Greek First Division, come into the match well rested after their scheduled game against second-placed AEK Athens was called off at the weekend to allow them to prepare for their European match. In contrast, Ajax slipped to their third league defeat since mid-

January, going down 2-0 at Roda JC Kerkrade on Saturday, although virtually their entire first-team squad was out either injured or being rested.

Most of the absentees will be back on Wednesday, but the Ajax coach, Louis van Gaal, is certainly not taking the Greek challenge lightly in the last major fixture at Amsterdam's Olympic Stadium before it is demolished and Ajax move to a new arena next season.

He expects Panathinaikos to pack midfield and play with one striker. In the other semi-final, Nantes face as daunting a task as Panathinaikos as they take on Juventus. Nantes will be hoping that the surprising success of French club in

European competition this season will rub off on them.

In the quarter-final of the Cup-Winners' Cup, Paris St Germain knocked out Parma while, in the Uefa Cup, Bordeaux, who qualified through the Intercontinental Cup, astonishingly overturned a 2-0 first-leg deficit to defeat Milan.

Nantes themselves staged a superb recovery to eliminate Spartak with two second-half goals in Moscow to earn their semi-final place.

Alessandro Del Piero has warned his Juventus team-mates to underestimate the French challenge at their peril. "If Nantes have got this far, then they are one of the four best sides in Europe," he

said. "Perhaps they don't have any big stars, but their strength is their organisation and will to win."

Both teams have been badly hit by injuries and suspensions. Juventus will be without five players and Nantes three.

Moreno Torricelli, the former Nantes player Didier Deschamps and Antonio Conte are suspended for the Italians, while Alessio Tacchinardi and Fabrizio Ravanelli are injured.

Nantes, who have scored in the away leg of every European match they have played in the last 10 years, are without winger Reynald Pedros, who is suspended and the injured midfielders Japhet N'Doram and Claude Makalele.

Merrington calls for commitment

Dave Merrington has demanded that Southampton demonstrate an instinct for survival at Elland Road tonight when they launch a critical phase of five Premiership matches in 15 days.

The Saints manager was critical of his side's second-half performance in the 3-0 defeat at Queen's Park Rangers on Saturday, but knows that victory against a dependent Leeds side could yet prove the catalyst to Southampton remaining in the top division.

"The QPR defeat only makes me more determined. I only hope it will have the same effect on the players," said Merrington, whose side could move five points clear of the relegation zone.

Another defeat (they have won only once away from home in the League all season) would leave morale desperately low going into

Easter, with games against Blackburn Rovers and Aston Villa. Southampton then play Manchester United at home and Newcastle away before the 10-day break caused by England's international against Croatia at Wembley.

"We were second best in all departments on Saturday but the players know how I feel and I hope they have had a good hard look at themselves and asked if they could have done more," Merrington said. "I know I will be working even harder now. It makes me dig deep as a professional and I need the same response from the team."

Matthew Le Tissier returns after suspension and Southampton could have the additional fillip of Richard Hall back in defence after a calf injury ruled him out for the last two games. There may also be a recall for Mark Walters.

Merrington added: "Every game now will have an effect on the overall picture and we must get something out of it."

John Lukic, the Leeds United goalkeeper, has recovered from the concussion which saw him substituted at half-time in the home defeat against Middlesbrough, a result which left the Yorkshire club with four points from a possible 24 - one fewer than Southampton. Tony Yeboah and Tomas Broin remain doubtful with a knee injury and a virus, respectively, while Tony Dorico is unlikely to be risked after a month on the sidelines with hamstring trouble.

Nigel Worthington is unlikely to be selected with a similar problem suffered playing for Northern Ireland last week, so Lucas Radebe stands by. "We need to relax a bit more,

play with a freshness and improve on recent results. There were signs against Middlesbrough that things were on the mend," the Leeds manager, Howard Wilkinson, said.

Jo Bonfrere, the Nigeria manager, has walked out on his job and returned to his native Netherlands. The Nigerian Football Federation secretary, Sami Toro, said Bonfrere had left without warning, merely leaving a letter complaining of "inadequate treatment and interference in his job". Bonfrere said he would not return to Nigeria until there was a positive response from the federation to his complaints.

The manager, who replaced Carlos Alberto Torres last August, had disagreed with Nigeria's withdrawal from the African Nations' Cup in South Africa on security grounds earlier this year.

Drug all-clear for Sharpe and Summerbee

The Football Association yesterday cleared the Manchester-based players Lee Sharpe and Nicky Summerbee of involvement with drugs, while reaffirming their determination to drive offenders out of football.

"Manchester United and Manchester City have exonerated their players Lee Sharpe and Nicky Summerbee of any involvement with drug abuse," the FA said in a statement from Lancaster Gate. "The FA has established that both clubs acted swiftly following newspaper allegations by making their own inquiries into the matter. The players were reminded of their responsibilities and both gave firm assurances that they do not take prohibited substances."

Manchester United are apparently interested in Panathinaikos' right winger, George Donis. Reports from Athens suggest United have been tracking the player and that a club scout watched him in their European Cup quarter-final against Legia Warsaw, which the Greeks won 3-0. Donis will play for Panathinaikos against the European champions, Ajax, in Amsterdam tonight.

Laudrup will leave Spain at end of season

Michael Laudrup said yesterday that he will leave Spain when his contract with Real Madrid expires at the end of this season. The 31-year-old Danish midfielder said he was considering playing in the United States or Japan next season.

Laudrup, who will have spent seven years in Spain, joined Real Madrid from Barcelona last season and helped his new club to the championship. However, they have struggled in the League this season and were knocked out of the European Cup by Juventus.

Laudrup said: "I would have liked to retire on winning a European Cup, but I'm not leaving Spain disappointed. I have had many more successes than failures. I would like to have retired at the top like Frank Rijkaard, but it was not to be and I'll go fighting to get the team into the Uefa Cup. Real Madrid will be my last big team."

Laudrup said the team had come to slacken the pace and spend more time with his family, but he did not rule out playing for Denmark again. "It depends what the new coach has in mind, but anyway it would only be three or four games a year. We'll see," he said.

THE TICKET DEBATE

It's too easy to say they were too expensive



Graham Kelly, the chief executive of the Football Association, defends seat pricing policy for the FA Cup semi-finals

Let's be clear - FA Cup semi-finals are special. Ask players, ask managers: yes and ask the fans too. Neither the winners nor the losers, nor supporters will forget the dramas that unfolded so brilliantly at Old Trafford and Villa Park.

Of course it was disappointing there weren't capacity crowds to watch two such great spectacles. And nobody wants to know why more urgently than those of us at The Football Association.

But frankly it's too easy to say tickets were too expensive, and that's the end of it. If this was the case, why did the problem not arise last year - or the year before - when tickets were priced at the same levels?

Tickets are going to cost more for "special" games. But it is ludicrous to suggest that anyone here wants to rip off fans. We aren't greedy. We do care. The Independent's reference yesterday to fans as "cash cows being milked at the gate" suggests that all the recent talk of mad cow disease has reached previously immune parts of the journalistic profession.

Much of the problem on Sunday stemmed from the relatively small number of cheaper seats made available at Old Trafford where virtually every seat is top quality.

Also, in the case of Aston Villa supporters, it was the second weekend in succession that they'd been asked to travel 100 miles and more to a big Cup tie. The previous Sunday they'd won the Coca-Cola Cup in splendid style at Wembley.

Taking two well-supported clubs to a neutral ground does have its problems. Safety and security and segregation of rival fans, all are priorities for obvious reasons. Our new stadiums - like Old Trafford - are magnificent. But an even distribution of every category of tickets is well nigh impossible. Why go to neutral grounds for semi-finals then? Ah, the traditions of the FA Cup are important

to just about everyone in football as the Independent is never slow to remind us. Remember the future when we've taken semi-finals to Wembley in the past?

Of course we sympathise with fans like those of Aston Villa after their recent excursions. But the frank truth is that there will be a price for the success of their team. More games will mean more cost.

What we will always seek is consistency and fairness. No one denies we would have liked bigger crowds for England's games at Wembley over the past two years. We have run incentive schemes, and sought to attract schoolchildren in addition to expanding our Family Enclosure arrangements.

We are wary of raising expectations by admission policies for one game that are scrapped for the next one on purely commercial grounds.

But reality is that England have been playing friendlies because we haven't needed to qualify for Euro 96. Friendlies don't attract the crowds that qualifying matches for World Cup and European Championships inevitably do. Ask Portugal who lured just 3,000 to Lisbon last week.

Ask Belgium whose audience was 16,000 on the same night. Ask Germany - 25,000 in Munich. Ask France who face 24 months of friendlies leading up to the World Cup finals.

What we have sought are fair prices, and then stuck to them. If there are lessons to be learned from the empty seats of last weekend, be certain we'll learn from them.

References in your coverage to the professional and non-professional game, and their representation on the Match and Grounds Committee here are at the very best superfluous.

Be sure of one thing more - we care about the fans because overwhelmingly we and our families are fans.

Empty seats are price of greed



David Aaronovitch argues that the spiv mentality is depriving the game of passion and spectacle - and threatening its future

For some years after the war life in Britain seemed to be run either by the jobsworths or the spivs. Typified by the conductor who would not let your Mum on the bus with a pram; the jobsworths were dedicated to the business of the Circumlocution Office in Charles Dickens' *Little Dorrit*, of how not get things done. Their relatives, the spivs, were children of austerity, amoral maximisers of profit from the sale of scarce resources.

For all the change of the past three decades there remain, here and there, little pockets of jobsworths - stony, ill-tempered and obdurate men of the Fifties, convinced of their own rectitude, their sights set firmly on the past. And the largest extant collection of jobsworths in Britain today are to be found running British sport. Unrelentingly male, old and conservative they meet each other in clubs, committees and board-rooms, reinforcing their archaic values over and over again.

But with the coming of big money into sport they seem to have imbibed something of the spiv too, trading their past public (if mean) spiritedness for the quick buck. How else can one possibly explain the fat-headedness of the way in which the Football Association has responded to criticism of its ticketing policy at Cup matches and international games?

The facts are pretty simple. Thousands of tickets for the FA Cup semi-finals in Birmingham and Manchester last Sunday went unsold. Fans told the clubs involved that they could not afford the sums required. Most of the Manchester tickets had been priced at £38 a throw, and for Liverpool supporters in particular this was too much: 6,600 of the tickets allocated to Anfield went unsold. TV viewers like me were incredulous that the impossible had been accomplished, and that some method had actually been found to deter some of the most dedicated fans in the country. Had the FA not priced the tickets far too high?

Oh no, you don't understand, replied the FA. The prices were fine, it was the ticketing structure that was the problem. There were too many tickets costing £38 and not enough costing, say, £18. (Seriously, this is their argument). Furthermore too many seats at Old Trafford had

very good views, and thus had to be highly priced. So there you are.

Well, here is a solution that should attract the FA: using a small proportion of the revenue potentially lost from unsold tickets, the FA could construct obstacles (sheets on long poles, perhaps) all over Old Trafford, obstructing the view and justifying lower-priced tickets. Then more fans could afford to go - not because of lower prices, of course, but because of a changed ticketing structure.

The real problem, of course, is slightly different. The FA thought that it could screw more money out of supporters than in fact it managed. In the balance between the desirability of filling grounds with vocal, happy supporters and maximising revenues they tilted too far towards the latter. Exactly the same mentality was on view in the way that tickets were priced for the England versus Bulgaria game last week. Fewer than 30,000 turned up, with cheaper children's seats situated only in the restricted-view area below the Royal Box.

I am a Spurs season ticket holder and not exactly poor, but the £500 for the season is a substantial slice of my family's budget for luxuries. A few weeks ago the Tottenham chairman, Alan Sugar, volunteered that he was uneasy about the cost of seats at White Hart Lane. It gave him little pleasure, he said, that many ordinary working families were now priced out of regular football attendance.

Sugar's admission was significant. After all, White Hart Lane is practically full at most home matches and three planeloads of well-heeled Lilywhites paid £199 each for an all-in package at Old Trafford just a week before the semis, so why should he worry?

Because he is shrewd, that's why. And unlike the FA he recognises that football stands at the parting of the ways: that an absolutely essential element in making English football big box-office is the atmosphere of passion and excitement that loyal, often low-income and young fans bring to the matches. They are the ones that yell, sing, weep and laugh, putting sedate oldies like me to shame. Lose them, oh jobsworths, and you jeopardise the future of the game. Wise up.

What do you think about the FA's policies on ticket prices? What are your views on football ticket prices generally? We will print a selection of readers' letters on the issue. They should be addressed to: Sports Editor, The Independent, 1 Canale Square, Canary Wharf, London, E14 4DL. Letters may also be faxed to 01753 293 2994.

Cadete takes Parkhead by storm

Celtic fans were still celebrating yesterday after witnessing the debut of Jorge Cadete, as remarkable an arrival into Scottish football as had ever been seen before.

The Portuguese international had had to wait five weeks to sign for Celtic after a protracted transfer from Sporting Lisbon. And he had not played any senior football since scoring for Portugal against the Republic of Ireland on 17 November, because of a dispute with his former club.

Despite the enforced inactivity, it took Cadete less than three minutes to announce his arrival, coming on as a substitute and scoring the final goal in a 5-0 victory over Aberdeen at Parkhead on Tuesday night.

"Now I know the Celtic fans are

the best supporters in the world after the reception I received before kick-off," Cadete said. "It was an unbelievable debut for me, and to score so quickly after coming on for my new club was one of the highlights of my career."

"I've been training on my own since 17 November. Playing for those fans and to score on my debut has made up for those months of frustration and the weeks of waiting to join Celtic."

Two goals apiece from Simon Donnelly and Scotland's top scorer, Pierre van Hooijdonk, meant Celtic were coasting by the time Cadete streaked through on to Peter Grant's pass before chipping over Michael Watt. The roar that greeted his goal temporarily took Radio Five Live off the air from

Glasgow as a cacophony erupted around Parkhead.

Cadete's goal gave Celtic their biggest win of the season as they moved within five points of Rangers, the leaders, with each side having five games to play.

"Of course the race isn't over," Van Hooijdonk said. "We have to keep going. The last game is on 4 May - and that's when we will all know who is the champion of Scotland." Van Hooijdonk scored on his debut for Celtic last season and he said: "It was a great way for Jorge to start, and that goal will mean so much to him and the fans."

Although Celtic extended their domestic unbeaten run to 29 games, their manager, Tommy Burns declined to call the drubbing of Aberdeen his side's best display

of the season. "It was one of the best, but we can play better than this," Burns said. "There is more to come from this team and there is still a long way they can go. The main thing was to see the happiness in the supporters and to hear the noise they were making."

Burns insisted that his team will not be lulled into a false sense of security before the Scottish Cup semi-final against Rangers at Hampden on Sunday, for which Cadete will be ineligible. He said: "I don't think there is any danger of that. My players know exactly what they are going into on Sunday, and we will be ready for it."

Burns still has doubts about the fitness of four players. Brian McLaughlin, Phil O'Donnell, John Collins and Morten Wieghorst.

United ban fans on FA blacklist

Manchester United yesterday revealed they have already taken action on supporters who appeared on the Football Association's Cup final blacklist. No fewer than 13 names connected with United appeared on the 36-strong list issued by the FA on Monday, as stiffest-ever penalties were handed down on those who sold tickets for last season's FA Cup final at a profit.

Ken Merrett, the United secretary, said: "We were made aware of these people immediately after the final and took action to withdraw whatever facilities they had with United. Anyone who was a season ticket or league match ticket holder had this withdrawn and those who were in our membership scheme had their membership cancelled. This would make it virtually impossible for them to continue watching United games."

Merrett claimed many of the blacklisted supporters had allowed their tickets for the final with Everton to go to a third party, who had sold them on for a profit. The FA's punishment was to ban the guilty parties from receiving further tickets for up to 20 years.

On the subject of tickets, United are to send a report to the FA outlining their observations on the price structure laid down for last Sunday's two FA Cup semi-finals.

United regulars pay an £18 top-price to watch their Premiership matches at Old Trafford, but a large number of Liverpool and Aston Villa fans were forced to part with £20 more at the weekend. United supporters, who travelled to Villa Park to see their team beat Chelsea in the other semi-final, were also faced with the same kind of structure - and

the FA have said that they will attempt to discover whether this resulted in both matches failing to sell-out.

Merrett said: "We will be sending an official report. It is not a complaint about the cost, but we will make several points to the FA, especially the lack of junior facilities for the semi-finals. We realise the difficulty of providing areas which can cater for juniors, but I think this is something that they should perhaps consider in the future. All tickets were full price."

Merrett admitted that he was surprised that neither semi-final venue was full, but added: "The fact that our game was shown live on the BBC and that Villa supporters had the cost of a Wembley cup final the previous week could have played a part."

Meanwhile, Denis Irwin, Unit-

ed's Republic of Ireland full-back who has been ruled out for three matches with a hamstring problem, says he is close to playing again, putting himself in contention for this weekend's crucial Premiership games. This will come as good news for Alex Ferguson, the manager, who is preparing to go into the Easter programme, starting with the Manchester derby this Saturday, without Steve Bruce or Gary Pallister.

Suspensions will also now affect United's title challenge. Roy Keane misses Monday's home game against Coventry City after being booked in the game against Tottenham last weekend. Nicky Butt will be out for the last two home games against Leeds and Nottingham Forest following his yellow card in the semi-final against Chelsea.

01753 293 2994

SPORT



THE GREAT TICKET DEBATE

Graham Kelly defends the Football Association's pricing policy

26

Botham nominated as England selector

Cricket

DAVID LLEWELLYN

Ian Botham has been nominated by Northamptonshire and Derbyshire as a potential England selector. The former Somerset, Worcestershire and Durham all-rounder faces four rivals and the field could swell by a few more, since Surrey intimated last night that they have yet to make up their mind. They have until midnight

tonight when nominations close.

The Test and County Cricket Board will announce the candidates tomorrow but the election will not take place until possibly a week after Easter. There are two places available, those held last season by Fred Titmus and David Graveney, the other three on the five-man panel being Roy Illingworth, the chairman, David Lloyd, the newly appointed England coach and the England captain, currently and likely to be, Michael Atherton.

Sources close to the former England all-rounder Botham say he was happy to pursue the role, but there was still a sense of surprise within the game at his nomination. However, there is no doubt that a large majority of the country would welcome his presence in any role at international level.

There is no doubt that he could impart some of his magic, perhaps even on the coaching front, but the job of selector involves a lot of travelling, a lot of watching and a lot of time out on the boundary of the game, as it were, looking for the likely lads who have the potential.

Botham's appetite for hard work is not in question, it is necessary only to consider his charitable deeds over the years for the answer, but he has some demanding commitments in the media. Apart from his appearances on the long-running BBC quiz programme, *A Question of*

Sport, he also works for Sky television, there is a regular column on the *Daily Mirror*, and his speaking tours, which he has undertaken with Viv Richards and Allan Lamb.

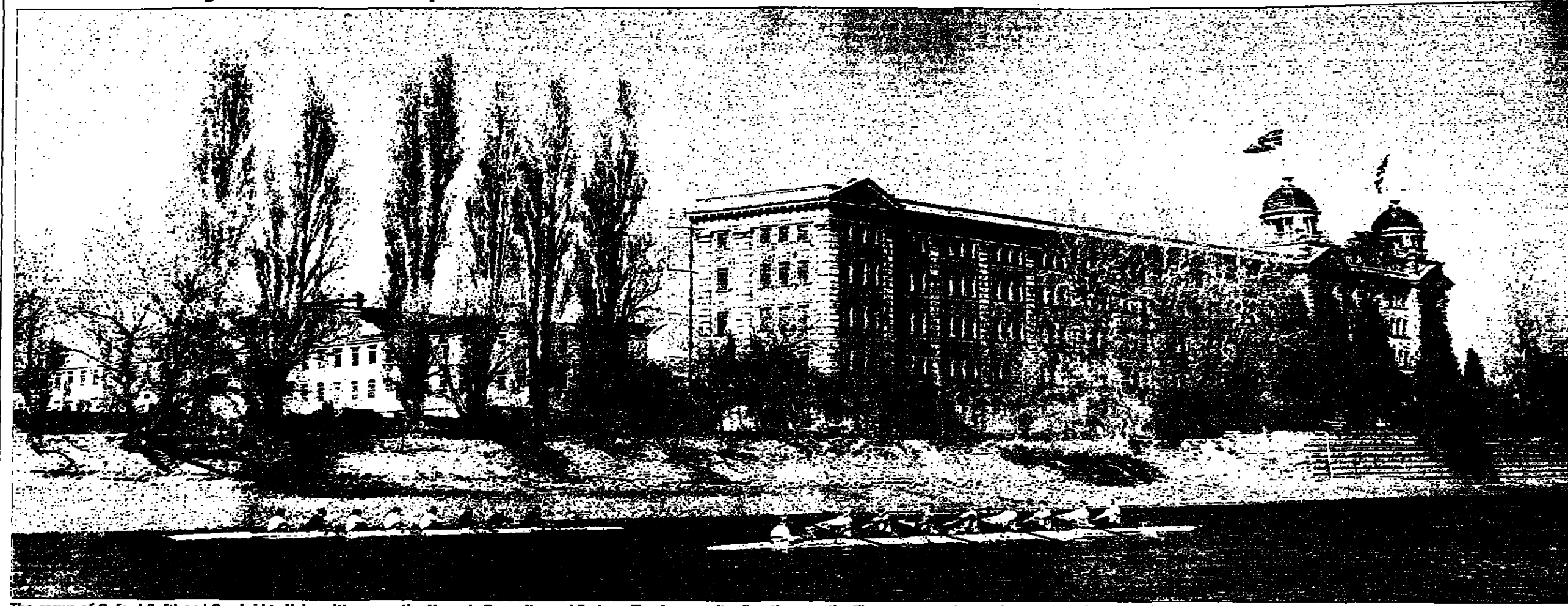
Graveney, who pulled out at the last minute after being nominated for chairman of selectors in opposition to Illingworth, is understood to be standing, having been put forward by Gloucestershire who backed him for the job last year. Botham is one of two names

put forward by Derbyshire, the other being their former captain Kim Barnett, while Titmus and Brian Bolas have been put forward as well. Surrey are likely to nominate John Edrich and possibly one other, but officials at The Oval would not be drawn on the issue last night. With an undercurrent of opinion that younger men should be involved at the top level in the coaching and selection of the England side, it is not surprising that late last night the

names of Middlesex's captain, Mike Gatting, and the former Essex and England captain Graham Gooch were being touted as possible nominations. Since Illingworth was distinctly put out by Graveney's original nomination for his post of chairman, he is hardly likely to welcome the former Gloucestershire and Durham captain's re-entry at a lower level. It would be fascinating to be a fly on the wall at a selectors' meeting were Botham and

Graveney to gain election. Graveney had made it plain prior to his withdrawal that had he stood and won the election for chairman of selectors, Botham would have figured prominently in his set-up. Botham has been dismissive of Illingworth's efforts in charge of the national team, and for his part the former Yorkshire, Leicestershire and England off-spinner has not held back when assessing Botham's capabilities in that sphere. *Jayasuriya's records, page 27*

University oarsmen pass on the river as crews count down to the Boat Race



The crews of Oxford (left) and Cambridge Universities pass the Harrods Depository while travelling in opposite directions on the Thames yesterday as they prepare for the 143rd Boat Race on Saturday

Photograph: Robert Hallam

Magpies' faltering pursuit of silver

Tyneside is in turmoil. A glimpse at the letters page of the local papers will tell you as much. From Worried of Wallsend to Cynical of South Gosforth, the fear is that Newcastle have blown it. Not just with a pop and a splutter, either, but with a bloody great 12-point bang. They blame the shortage of service to Les Ferdinand, the loss of balance since the dropping of Keith Gillespie, the tinkering with a winning team and the lack of "bottle" away from home. Funded by £45m of his chairman's personal fortune, Kevin Keegan has taken the credit for Newcastle United's four-year voyage of discovery. This season, as he well knows, a mere UEFA Cup place would be no consolation.

"Nothing in life comes easy, and I've always said the first trophy will be the hardest to get in."

As the fog descends on Keegan's Tyneside football revival, Ian Potts senses the mounting anxiety at St James' Park

he noted recently, drawing on the experience of his own playing days at Anfield. "But I promise you, once it does come in it will be like a magnet, and the others will come thick and fast."

It is that belief which drives both Keegan and his benefactor, Sir John Hall, and which makes the winning of Newcastle's first major championship since 1927 all the more crucial. Where once there was talk of the treble, now there is not much talk at all.

Usually the most eloquent and obliging of managers, Keegan has taken to slipping silently away from the team's Durham training base or, as he did for the week leading up to Manchester United's recent visit,

barring the press all together. Last weekend's post-match volley after the horror show at Highbury, where he named the guilty men - Ferdinand, Asprilla, Beardsley, Ginola and Lee - was wholly out of character for one renowned for his affability.

Alone among his peers, he is happy to talk up the club's long-term projections, in the belief that it spreads self-confidence. Where others are loath to back their chances of winnings so much as the toss, the 3-0 beating of West Ham was evidence enough for Keegan to claim his side would have a genuine chance of winning next year's Champions' League. The inherent danger with raising expectations to such a height is

that there is an awfully long way to fall, and an awful lot of fans to take down with him.

What has deepened Tyneside's anxiety is the re-emergence of Sunderland, who many assumed were condemned to drift forever in the dead-end sleigh League after their failure to capitalise on the top flight ticket gifted by Swindon's misdemeanours in 1990. For the Magpies to miss out completely, while the dreaded "Mackems" lift the First Division title on a budget roughly equating to Sir John's loose change, would be torture indeed.

One accusation regularly hurled Keegan's way is that he values his purchases way above any of the locals: Tynesiders

Steve Watson, whose late goals proved decisive in the season's two previous encounters with Liverpool, Lee Clark and Robbie Elliott were all first-teamers before his return, yet are now peripheral figures.

It is a common trait with managers who feel they must justify their expenditure, and Keegan has spent more than most. So far, in exchange for nothing more than the old First Division championship.

The one Georgie assured of his place is Peter Beardsley, who, the heretics suggest, is finally showing signs of fallibility. Judging by his omission at Wembley last week, Terry Venables has noticed it too. Out of position and out of sorts, "Peter Pan" has increasingly resembled one of the Lost Boys. For Keegan, the fairy-tale is turning distinctly Grimm.

Title race to go into overdrive

Terry McDermott yesterday forecast that Newcastle United's spluttering championship challenge will come alive again at Anfield today.

Newcastle, 10 points clear at one stage, have seen their seemingly invincible title lead turned into a three-point deficit on Manchester United, with Liverpool five points behind. But Newcastle do still have two games in hand over United and as he prepared to return to the ground he and Kevin Keegan graced as players, the Magpies' assistant manager refused to accept a run of one win in five games had been fatal.

"Of course this is a big game, but there's one thing for certain," McDermott said. "If we win eight games no one can do anything about it, and that's the way we've got to look at things."

"Liverpool will have a big part to say in the title, but whereas if they don't win they'll feel it's slipped away from them."

Brolin plays the fool

Tomas Brolin has apologised to the Leeds manager, Howard Wilkinson, after an April Fool's Day prank backfired.

The £4.5m signing, whose future at Elland Road is in doubt, told Swedish television he was going to play out the season on loan to Norrköping.

It was meant to be a practical joke, with the Swedish international adding that he hoped to play for another team in Europe next season.

However, the interview was picked up by news agencies and relayed around the world.

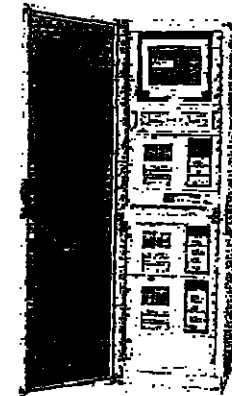
Wilkinson said: "I have spoken to Tomas, who gave permission for Swedish TV to conduct an April Fool's interview. He has been surprised by the stir it caused in England."

Wilkinson may now have second thoughts about playing Brolin, who has not been a regular in the team, for the match against Southampton tomorrow.

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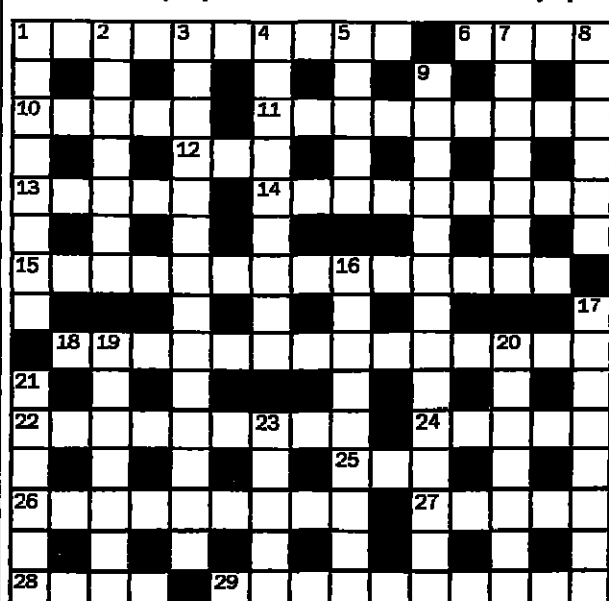
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THE INDEPENDENT CROSSWORD

No 2951. Wednesday 3 April 1996

By Aquila

Tuesday's Solution



BEFRIEND LAPTOP
ER NEIR RR
AMUSEMENTARADE
CLUBS
OUTSTAY MANDERS
NBIIGMM
PARAPETS ENGUE
PTINEGN
LISTS ENGAMES
A B E G
TETAVI ROTATOR
MAEAEMIR
ANTARCTICIRCLE
TCAETILAR
EXMARIE FOUNDRAY

ACROSS

- Prompt spider pose problem? (10)
- Principal god of noise abatement (4)
- Fleet's power in attack (5)
- Inhabitant at home by day to Dickens' Sam (9)
- Popular name for a pub (3)
- Engaged in air-conditioning in main courts of Roman houses (5)
- Frank taking tea, unusually, with applicant (9)
- Letters of agreement (14)
- Only cleverest members of society lie in Tintagel's ruins (14)
- Bucher has to chop front part of neck (9)
- Feeblest show of energy in final (5)
- What is charged for iron key? (3)
- Flourish of brass is new in twin seats of Irish kings (9)
- Foreign article contains falsehood (5)
- Head of English to settle back in university (4)
- Toys with handles rip apart (10)
- Standard weapon, in a manner of speaking (8)
- Nero, for example, was through in Rome, ruined (7)
- Subcontinental pro-bosco with total recall facility (6,8)
- Declared doctrine of cardinal (9)
- This seat is rare in American saloon (5)

DOWN

- Strange dialect around mouth of the Nile, for example (7)
- Butterflies in Severn, fluttering (6)
- Near land weevil is disastrous, experience teaches us (2,4,5)
- Bad thing to stumble in twilight (9)
- Has bound wound of battle, here (8)
- Frank born out of wedlock? (7)
- Home counties with new ideas for resort (7)
- Soprano spiteful and empty-headed (6)
- Market town in which to find Ogham characters, possibly? (5)

Hughes called for explanation

Chelsea's fading realisation of European competition next season is likely to suffer another setback today when Mark Hughes, their striker, faces a Football Association commission to explain his burgeoning disciplinary record.

Hughes, the Welsh international, has already missed seven games through suspension and there is a danger that figure could now reach double figures. Any fresh suspension will start on Saturday, and there is also the possibility of a fine, after Hughes' card tally reached the 45-point mark.

The hearing comes only three days after Chelsea lost their Wembley chance against the double-chasing Manchester United, while the club's slump of one win in the last seven Premiership games means an uphill task to earn a place in the UEFA Cup on their league position.

Hughes' absence over Easter would be an unwelcome setback. Chelsea are at home to Aston Villa on Saturday and then away to Bolton two days later, but it looks inevitable unless he can convince the commission otherwise.

Last season, Ian Wright was banned for four games and fined £1,000 after being called up after breaching level three of the disciplinary structure, although he was a month ahead of Hughes. "Mark Hughes will have a chance to speak to the

commission and explain why he has been booked so much," an FA official said.

Mark Ford, the Leeds midfielder, was also scheduled to appear at the FA after reaching 45 points, but his club have a match against Southampton and his case will now be dealt with in correspondence.

Meanwhile, the Chelsea connection continues when Mick Harford makes a plea in mitigation following an incident during the FA Cup sixth-round draw against Wimbledon at Stamford Bridge last month. Harford verbally attacked Glenn Hoddle, the Chelsea manager, and later gesticulated at supporters following his substitution in the second half.

Paul Danson, the fourth official, reported only the latter incident, while Wimbledon will point out that they were the target for verbal abuse throughout the match.

Besiktas, the Turkish club, are believed to be tabling a lucrative deal to tempt Kenny Dalglish back into management, preparing to offer the former Liverpool and Blackburn manager £500,000 a season and Suleyman Seba, their president, has been quoted as saying: "We will be speaking with Kenny Dalglish later this month."

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